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Japan

Japan: Hashimoto on Okinawa Base Issue, Clinton Visit

OW2903014996 Tokyo SANKEI SHIMBUN (Morning Edition) in Japanese 27 Mar 96 p 3

[FBIS Translated Text] Prime Minister Ryutaro Hashimoto met with a group called "Sanshikai," composed of Liberal Democratic Party upper house members who won their first election in 1992, at the Prime Minister's Official Residence on 26 March afternoon. At the meeting, Hashimoto indicated his concern that the issue of proxy signing for forced use of land for the U.S. bases on Okinawa may have an adverse impact on U.S. President Bill Clinton's visit to Japan, scheduled for mid-April.

According to a participant, Hashimoto indicated his intention to sign the proxy documents himself if Okinawa Governor Masahide Ota should refuse to comply with the order by 28 March. Meanwhile, he pointed out that it will take time to complete procedures for obtaining the prefectural government's permission for urgent use of the Sobe Communication Facilities, while the lease for a portion of the land will expire at the end of this month. Then he stressed: "The procedures cannot be completed before President Clinton's visit to Japan (scheduled for 16 April). The issue may cause serious damage because it has to be dealt with at this juncture."

Moreover, commenting on the territorial dispute with the ROK over Takeshima (known as Tokto in the ROK) in connection with establishing an exclusive economic zone following ratification of the UN Convention on the Law of the Sea, Hashimoto said: "At the working level, ROK authorities have so far taken slack measures in dealing with the issue. However, I am concerned that President Kim Yong-sam takes a severe attitude toward Japan, probably because of the ROK general election in April." In this way, Hashimoto indicated his view that President Kim has intensified his criticism of Japan on account of domestic issues.

Regarding the current situation in North Korea (DPRK), where a food shortage has been reported, Prime Minister Hashimoto said: "Since information indicates the people are short of supplementary foods rather than staples, I don't think the issue is serious enough to overturn the existing system."

With regard to the tension between China and Taiwan over Taiwan's presidential election, Hashimoto explained that the information on Chinese forces was obtained from the Chinese military broadcasting and then stressed: "I could not sleep for about one week. We have to make further efforts to work out measures so as to be prepared for an emergency."

Japan: Naha Defense Facilities To Seek Emergency Lease

OW2903040496 Tokyo KYODO in English 0347 GMT 29 Mar 96

[FBIS Transcribed Text] Naha, Japan, March 29 KYODO — The Naha Regional Defense Facilities Administration bureau on Friday [29 March] asked the Okinawa Prefectural Expropriation Committee for a six-month emergency lease on the land currently used for a U.S. military communications site.

The lease for the 236-square-meter site in the village of Yomitan, which has become a focal point for the confrontation between the central government and Okinawa Prefecture, expires over the weekend and landowner Shoichi Chibana has demanded that the plot be returned.

The bureau's request came as officials from the Defense Facilities Administration Agency, designated by Prime Minister Ryutaro Hashimoto, completed the signing of the necessary documents to force 35 local landowners to lease their land to the U.S. military.

Without the approval of the expropriation committee, which is not expected to meet before the leases expire, the site of the Sobe communications facility will be "illegally occupied," government sources said.

The government, however, indicated it will allow the U.S. military to continue to occupy the site from April 1 under the pretext of the administrative right of the U.S. military under the Japan-U.S. Status of Forces Agreement.

The situation is likely to lead to an outcry from Okinawa residents, including antiwar and antibase landowners, government observers have suggested.

The expropriation committee is expected to consider the request for the emergency lease beginning in early April with an investigation of the sites and hearings with the landowners.

Okinawa Gov. Masahide Ota and prefecture officials are most likely to refuse to go along with next legal procedures requesting the use of the land.

On Wednesday, Ota announced he would not comply with an order by the Fukuoka High Court to sign the required lease documents and indicated he would take the prefecture's case to the supreme court.

The Naha branch of the high court ordered Ota on Monday to sign the documents to facilitate the continued leasing of 370,000 square meters of land used by the U.S. military for its bases in the island prefecture, about 1,600 kilometers southwest of Tokyo.

About 3,000 landowners hold plots of the land involved in the leasing controversy, many of whom own land used by the Kadena and Futemma air bases.

The bureau initiated procedures last March to renew the contracts for the land used by the U.S. military bases, but 35 landowners, including Chibana, have refused to sign the leases with Ota siding with the landowners.

The problem was aggravated in September when three U.S. military servicemen raped a 12-year-old Okinawan schoolgirl. The servicemen have since been convicted and sentenced to prison.

In December, then Prime Minister Tomiichi Murayama filed a lawsuit against Ota, aiming to force the governor to comply with the central government's wishes.

Japan: USFJ Can 'Ban Entry' in Okinawa per SOFA Regulations

OW2903060096 Tokyo ASAHI SHIMBUN (Morning Edition) in Japanese 28 Mar 96 p 1

[FBIS Translated Text] A lease on a portion of land used by the Sobe Communications Facility by the U.S. Forces Japan [USFJ] (located in the village of Yomitan in Okinawa Prefecture) will expire at the end of March due to a delay in completing the required proecudures for the enforced use of land for military bases.

Concerning this issue, the government reviewed on 27 March what legal measures should be taken to ensure the continued use of the land thereafter. The government maintains that based on control right granted to the U.S. forces under the Japan-U.S. Status of Forces Agreement [SOFA], the U.S. forces can "ban entry."

In addition, the government has decided that they also have the right to reject entry by landowners with proprietorship, and in case landowners should resort to forcible entry, criminal penal codes can be applied in such cases.

The government plans to have staff members from the Defense Facilities Administration Agency [DFAA] deal with landlowers and their supporters to evade direct clashes between the U.S. military and landowners.

However, it is expected that in refutation, the Okinawa Prefectural Government will argue that "it is an attempt to shift logic under the pretext that requests are made by the U.S. forces."

With regard to the U.S. forces' rights of control, Article 3 of the SOFA stipulates that the United States "can take every necessary measures to construct, operate, garrison, and control" facilities and areas. Based on this article, the U.S. forces can take all necessary measures to accomplish the SOFA's purposes without the Japanese Government's consent. This is the legal opinion maintained by the government.

In this context, the government has decided that "since U.S. forces have rights to control, they could prevent entry onto the land based on their own independent judgment."

DFAA staff members—but not U.S. military personnel—will be asked to deal with land owners or their supporters. DFAA is responsible for providing U.S. forces with facilities and areas. As to what concrete measures should be taken, decisions will be made based on actual on-site conditions.

For instance, a question arises as to whether landowners and others may be allowed to step onto their land by going through facilities.

However, if the U.S. forces should reject requests for entry, landowners and others may shake off DFAA staff members and forcibly step onto their own land. Regarding such cases, the government is studying the possibility of applying either Article 2 of the special SOFA-connected criminal law (concerning the crime of forcible entry into facilities or areas), or the Penal Law article on home-breaking crimes.

Moreover, in case violence should be used against DFAA staff members during any confrontations at the site, the government is also considering application of the crime of hindrance of performing official duties as stipulated in the Penal Code. Such decisions will be made by Japanese police authorities, such as the Okinawa Prefectural Police Department.

In case landowners should request the return of land or seek compensations, the government notes that refutation can be based on a verdict issued by the Supreme Court in March, 1935 on a case in which landowners requested the return of the land used as Itatsuki Airport in Fukuokawa. In the verdict, the Supreme Court ruled that landowners' request were tantamount to "an abuse of rights," maintaining as follows: "When land is returned, the state may suffer greater damages as compared with profits that could be expected by landowners. In such cases, the request cannot be granted because the private right's essentials — its bearings on the society and on the public community [shakai-sei, kokyo-sei] — will be disregarded."

On the other hand, the government maintains it has lawfully continued to use the land by signing leases with and paying rent to landowners in the past 20 yeares.

Moreover, since the government has applied to the Okinawa Prefectural Expropriation Committee for an approval of emergency use of the land, the right will be recovered once the approval is issued. The government intends to insist on the legal opinion as disclosed by Chief Cabinet Secretary Seiroku Kajiyama at a session of the House of Councillor's Cabinet Committee that based on four reasons, including the two mentioned above, "even though the government has no possesory rights, the situation cannot be immediately regarded as illegal."

Japan: Okinawa's Ota Unhappy With Noise Reduction Accord

OW2903105596 Naha RYUKYU SHIMPO (Morning Edition) in Japanese 29 Mar 96 p 1

[FBIS Translated Text] Okinawa Governor Masahide Ota on 28 March commented on a package of agreements reached between the Japanese and U.S. Governments on such issues as reduction of noise from the U.S. military's Kadena Air Base and Marine Corps Air Station [MCAS] Futenma. Ota said: "We have called for a restriction on night flights from 1900 hours to 0700 hours. However, the accord restricts flights from 2200 hours to 0600 hours. It is hard to say that the actual conditions of base functions (for exapmle, there are more aircraft on Okinawa than at the Yokota and Atsugi bases) have been reflected in the agreement. Therefore, I am not satisfied with it at all."

Japan: Kajiyama: U.S. Use of Okinawa Land Not Illegal

OW2903111896 Tokyo KYODO in English 1052 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — The government's chief spokesman said Friday [29 March] the U.S. military's continued use of a piece of land in Okinawa Prefecture after expiry of its leasing contract is not necessarily illegal as such use has lasted for the past 20 years and is in Japan's security interests.

Chief Cabinet Secretary Seiroku Kajiyama made the statement in refererence to a 236-square-meter plot which is part of the Sobe communications facility in the village of Yomitan in the southwestern island prefecture. The lease on the land to the U.S. military expires Sunday.

Japan has an obligation to provide land for the use of U.S. bases under the terms of a bilateral security treaty, while the land at issue has been lawfully used by the U.S military for the past 20 years and its continued use is necessary for ensuring the security of Japan and East Asia, Kajiyama told a press conference.

The Naha branch of the FUkuoka High court handed down a ruling Monday ordering Okinawa Gov. Masahide Ota to cooperate with the central government to force landowners to renew land leases on the Sobe site and other places.

With Ota expected to disobey the ruling, the U.S. military's use of the Sobe lot will not have any legal basis after the contract expires at the end of March.

The owner of the Sobe land, Shoichi Chibana, 47, a local grocer, has said he will insist the land be returned to him.

The head of the Naha Regional Defense Facilities Administration bureau therefore filed an emergency application earlier Friday with an independent Okinawa-based committee in charge of land expropriation to allow continued lease of the land to the U.S. military.

Kajiyama said the central government had urged the committee to immediately grant such emergency permission to continue the lease.

Japan: SDP Plan Proposes Return of Futenma in 5 Years

OW2803142496 Tokyo NIHON KEIZAI SHIMBUN (Morning Edition) in Japanese 28 Mar 96 p 2

[FBIS Translated Text] The Social Democratic Party's [SDP] draft proposal on how it should cope with the issue of U.S. military bases on Okinawa was brought to light on 27 March. It mainly proposes the following: 1) overall return of Marine Corps Air Station [MCAS] Futenma in five years; 2) study of a plan to realign, unify, and reduce U.S. military bases, including those in other countries; and 3) revision of the Japan-U.S. Status of Forces Agreement in light of the similar treaty between the United States and Germany. It also demands that the government should quickly devise steps to deal with a possible situation in which U.S. forces would "illegally occupy" land due to failure to win approval for emergency use of land before the lease contract expires.

It warns the government that "if a clear-cut course of action is not presented at the (April) Japan-U.S. summit, the situation will worsen."

The SDP will form its own stand in accordance with the draft proposal. As there is opposition to setting a time limit for return of MCAS Futenma in the party, the SDP Security Research Committee and its Standing Executive Committee will coordinate the details.

Japan: Official on Need for Better Coordination With U.S.

OW2903120496 Tokyo KYODO in English 1148 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — Japan should better coordinate defense cooperation with the United States to counter possible military threats from China, a senior Defense Agency official said Friday [29 March].

Takemasa Moriya, assistant vice minister of the Defense Agency, said the primary concern of the U.S. is how Japan can cooperate under its present constitution when a Chinese military threat becomes tangible.

"I think consolidating defense cooperation with the U.S. is one direction," Moriya told a Japan National Press Club gathering.

Moriya denied, however, the possibility of revising the government's interpretation of the Constitution that renounces the country's exercising collective defense right, saying, "the U.S. is seeking only what we can do within the framework of the Constitution."

On the military power of China, which recently staged war games off Taiwan in an apparent attempt to intimidate pro-independence sentiment prior to the island's first direct presidential election last Saturday, Moriya said its ground, naval and air forces have not reached a level of capability sufficient to make their full and integrated use.

Japan: Defense Cooperation Guidelines in U.S.-Japan Accord

OW2903084696 Tokyo YOMIURI SHIMBUN (Morning Edition) in Japanese 28 Mar 96 p 1

[FBIS Translated Text] As of 27 March, the Japanese and U.S. Governments have basically reached an accord on including the following two items in the Japan-U.S. joint statement on security to be issued when U.S. President Bill Clinton visits Japan in mid-April: (1) a review of the "guidelines for promoting Japan-U.S. defense cooperation," which stipulates such items as basic plans for Japan's national defense; and (2) a study of measures for Japan-U.S. cooperation in case of emergencies, such as measures to deal with refugee problems. An accord will be officially reached at the Japan-U.S. Security Consultative Committee (two-plus-two committee) session to be held when U.S. Defense Security Perry and others arrive in Japan as early as 13 April.

The existing 1978 "guidelines" focus on joint measures to be taken by Japan and the United States to counter invasions of Japan. The upcoming review's purpose lies in clarifying the range of cooperation that the Self-Defense Forces [SDF] can provide within the framework of the current Constitution when U.S. Forces are mobilized not only in case of invasions of Japan but also in "situations in surrounding regions that could seriously affect Japan's peace and stability" (as stated in the new National Defense Program Outline), such as an emergency on the Korean peninsula, which can be anticipated in the future.

Moreover, the review also aims at establishing a Japan-U.S. cooperative system under which SDF bases as well as civilian airports can be used jointly and rescue vessels can be used in case of urgent emergencies.

Among the ruling parties, the Social Democratic Party has indicated a negative outlook toward "studying the Japan-U.S. cooperative system in emergencies." However, the prevailing atmosphere indicates that "to have the U.S. make concessions on realignment and reduction of U.S. military bases on Okinawa, there is no other alternative but to agree to a study of measures to deal with emergencies that the U.S. has long requested." In this connection, the government has decided to include this item in the joint statement.

Japan: Transport Minister: Passenger Flight Equality Sought

OW2903025396 Tokyo KYODO in English 0244 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — Japan will seek to correct current differences in privileges for air passenger carriers which fly between Japan and the United States through bilateral negotiations, Transport Minister Yoshiyuki Kamei said Friday [29 March].

Kamei said at a press conference after a regular cabinet meeting, "We will seek understanding from the U.S., holding fast to our stance of targeting equalization."

Japan and the U.S. are expected to start bilateral air negotiations on the sector of commercial passenger flights following the recent agreement that was reached on air cargo services.

On the air cargo accord, Kamei said, "It is desirable for the relationship between both countries in the aviation field to be one based on equality."

"I hope an agreement will be implemented soon," Kamei said.

Japan: U.S. 'Understanding' of Deregulation Effort Sought

OW2903060496 Tokyo KYODO in English 0502 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — Foreign Minister Yukihiko Ikeda on Friday [29 March] briefed U.S. Ambassador to Japan Walter Mondale on Japan's upgraded program to deregulate its economy and increase foreign access to Japanese markets.

Meeting with the ambassador at the Foreign Ministry, Ikeda handed over a revised version of Japan's three-year deregulation program which comprises 1,797 items and sought U.S. understanding of Tokyo's deregulatory efforts.

Speaking at a news conference later, Ikeda said he told the ambassador that Japan's deregulation is not only for the Japanese people but also for the United States and other countries.

As examples of Tokyo's efforts for further deregulation, the foreign minister cited measures taken in such fields as housing, telecommunications, medicine and competitive policy.

"I told him that we have worked sincerely and come up with the best measures we can think of right now but we will continue to review them in the future," he said.

Mondale said he appreciates Japan's approach of accepting requests for Japan's deregulation from foreign countries and added he will take a close look at the new deregulatory measures.

Earlier in the day, the cabinet of Prime Minister Ryutaro Hashimoto approved the revised deregulatory program covering three years to March 1998.

Japan: Minister: Unilateral Trade Action by U.S. Intolerable

OW2903033696 Tokyo KYODO in English 0316 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — Trade Minister Shumpei Tsukahara voiced his disappointment Friday [29 March] with the United States' indication that it might use unilateral measures to resolve bilateral trade disputes with Japan, saying Tokyo will not tolerate any such steps.

"It is very regrettable that such a topic (as unilateral trade measures) has come up," Tsukahara said at a news conference.

Ira Shapiro, chief U.S. trade negotiator with Japan, told a congressional hearing Thursday that the U.S. is considering various options, including retaliatory Section 301 provisions under the U.S. Trade Act, in insurance negotiations with Tokyo.

Japan and the U.S. are divided over whether Japanese life and nonlife insurers should be allowed to enter the "third sector" of the Japanese insurance market — including policies for cancer and other ailments — a stronghold of foreign insurers.

Shapiro also urged Japan to renew the Japan-U.S. semiconductor agreement, which is due to expire on July 31, and hold talks on the Japanese photographic film and paper market.

Eastman Kodak Co. of the U.S. has complained that the market is anticompetitive, and the office of the U.S. Trade Representative is conducting Section 301 investigations into the complaint.

However, Tsukahara repeated that Japan's stance on these issues has been "clear" and "justifiable." The Trade Ministry argues that the agreement should be allowed to expire and Kodak should go to Japan's Fair Trade Commission if it sees anticompetitive problems.

Japan: Panel Says Microchip Pact With U.S. 'Out of Step'

OW2903054596 Tokyo KYODO in English 0523 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — A Japanese Trade Ministry panel issued a negative assessment of the Japan-U.S. semiconductor agreement Friday [29 March], saying trade policies based on numerical targets are out of step with the spirit of the World Trade Organization (WTO).

Such trade policies are "not feasible unless one is willing to trample on market mechanisms," said the Ministry of International Trade and Industry (MITI) panel.

Japan and the United States are wrangling over renewal of the pact due to expire July 31. The U.S. wants the accord renewed, while Japan calls for scrapping it, saying it has served its purpose.

Washington counts the dispute as one of four priority trade issues with Tokyo in which progress should be made before President Bill Clinton visits Japan in mid-April.

The panel, a subcommittee of the Industrial Structure Council reporting to the MITI minister, evaluated the pact in a report examining the trade policies of foreign countries from the standpoint of compliance with WTO and other internationally agreed rules.

The report studies the policies of Japan's top 10 trading partners with WTO memberships, the U.S., the European Union (EU), South Korea, Hong Kong, Singapore, Thailand, Australia, Malaysia, Indonesia and Canada.

It also discusses the policies of China, Taiwan and Russia, which are seeking entry into the global trade institution.

The microchip accord includes a clause saying that the Japanese Government "recognizes that the U.S. semiconductor industry expects that the foreign market share will grow to more than 20 percent of the Japanese market by the end of 1992."

While Japan has stressed the figure is neither a target nor a guarantee, the U.S. has "unilaterally interpreted" it as a commitment and used it "to pursue managed trade," the panel said.

As it happened, the foreign market share topped 20 percent in the October-December quarter of 1992, climbing to 22.5 percent, the Trade Ministry says. It has since stayed mostly above 20 percent, rising to 30.2 percent in the October-December period of 1995.

The U.S., however, maintains that renewal of the pact is critical for further enhancement of market share. Ira Shapiro, chief U.S. trade negotiator for Japan, told a congressional hearing that the U.S. is prepared to drop numerical targets in a new agreement.

But a MITI official said he suspects that even if new numbers were dropped, the 20 percent figure would continue to haunt Japan if the pact was renewed.

The panel also argued structural changes in the microchip industry over the last decade have made it "inappropriate and meaningless" to discuss foreign access to the Japanese market alone and identify the "nationality" of semiconductors by using capital affiliation.

Among the changes cited by the panel are Japan's shrinking presence in the global microchip market, transfer of output abroad by Japanese semiconductor makers and growing partnerships between Japanese and foreign suppliers.

The panel pointed out that renewing the bilateral microchip pact — which takes measures to enhance the market access of "foreign" microchips — could trigger conflicts with WTO rules regarding most-favored-nation (MFN) treatment and national treatment.

The MFN principle effectively calls for equal treatment of imports irrespective of their countries of origin.

The accord, which defines foreign semiconductors as those made by foreign-affiliated suppliers, could prove incompatible with the principle since its access measures do not apply to reverse imports from Japanese-affiliated suppliers abroad, the panel said.

The pact could also run into trouble with the national treatment principle, which argues that exports and imports should be treated no less favorably than like products of national origin, it said.

Meanwhile, the MITI panel took issues with Washington's Section 301 investigations into a complaint filed by Eastman Kodak Co. of the U.S. about access to Japan's photographic film and paper market.

Noting that dispute-settling procedures which could invoke unilateral measures run counter to the spirit of the WTO, the panel said it "must continue to watch these events with extreme interest" to ensure unilateral action will not be taken.

The panel blamed the EU for an "arbitrary change" in the tariff classification of compact disk read-only memory (CD-ROM) drives to effectively raise tariffs on the product.

On China and Taiwan, Japan's third- and fifth-largest trading partners, respectively, the panel renewed its support for granting them WTO membership.

But before being allowed into the organization, Beijing should rectify its quantitative restrictions on exports and imports, discrimination against imports and other problems pertaining to basic rules of the WTO, the panel said.

The panel urged South Korea to immediately dismantle its "import source diversification" system which "constitutes a de facto ban on imports from Japan" and could violate WTO rules, according to the panel.

It appreciated the fact that Seoul has slashed the number of Japanese-made items subject to the system to 162 from 258 between January 1994 and January 1996.

Japan: Fuji Calls Kodak Documentation 'Worthless'

OW2903044196 Tokyo KYODO in English 0426 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — Fuji Photo Film Co. said Friday [29 March] it has submitted with the office of the U.S. Trade Representative (USTR) its seventh petition to refute accusations by Eastman Kodak Co. of the United States that Fuji carries out anticompetitive practices in the Japanese market.

The new petition concerns Kodak's massive "evidentiary appendix" for its allegations against Fuji, issued last November, containing many newspaper articles about the Japanese photosensitive materials market.

In the petition to the USTR, Fuji said, "Kodak's main 'evidence' consists of dozens of trade press articles from the past 25 years that purportedly document price fixing by Fuji Film and its wholesalers and retailers."

But these are irrelevant, untrue and "completely worthless as documentation of anticompetitive conduct," the Japanese company stated.

Japan: Tokyo Gives $100,000 to East Timor Initiative

OW2803140996 Tokyo KYODO in English 1319 GMT 28 Mar 96

[FBIS Transcribed Text] Tokyo, March 28 KYODO — Japan extended 100,000 dollars in financial assistance Thursday [28 March] to help implement U.N. Secretary General Butrus Butrus-Ghali's initiative for East Timor, the Foreign Ministry said.

The sum will be used to cover the costs of the intra-East Timorese dialogue led by the U.N. chief and aimed at laying the groundwork for a solution of a dispute between Indonesia and Portugal over East Timor, the ministry said.

Under the program, meetings have been held twice with the participation of both East Timorese residing in the former Portuguese colony and those outside it.

Tokyo hopes the issue will be resolved peacefully through talks between the parties concerned based on Butrus-Ghali's mediation efforts, the ministry said.

Indonesia annexed East Timor in 1976 after Portugal granted it independence, but the United Nations has not recognized the annexation.

Japan: Tokyo Donates $600,000 to Central African Fund

OW2803134196 Tokyo KYODO in English 1320 GMT 28 Mar 96

[FBIS Transcribed Text] Tokyo, March 28 KYODO — Japan donated 600,000 dollars Thursday [28 March] to a new U.N. trust fund aimed at implementing confidence-building measures for the sake of stability in Central Africa, the Foreign Ministry said.

The Japanese donation will support over the next two years the work of a U.N. advisory panel on security questions in the region, the ministry said.

The trust fund was set up earlier this month to assist the U.N. committee consisting of representatives of 11 Central African countries.

The U.N. panel's activities include studying regional disarmament and holding regional summit meetings and seminars on U.N. peacekeeping efforts.

Japan: Taiwan To 'Figure High' in Talks With PRC's Qian

OW2903102296 Tokyo KYODO in English 0951 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — Japanese concerns about heightened tension between Beijing and Taipei in the wake of Chinese missile tests and military exercises in the Taiwan Strait will figure high on the agenda during Chinese Foreign Minister Qian Qichen's upcoming four-day visit to Tokyo, government sources said Friday [29 March].

Foreign Minister Yukihiko Ikeda will have about five hours, including a dinner with Qian on the day of his arrival Sunday, to sound out China's approach toward Taiwan following the reelection of President Li Teng-hui in a landslide victory in Taiwan's first direct presidential poll last Saturday.

Foreign Ministry sources stressed that the meeting will be "the first real talks" between Ikeda and Qian because their two prior meetings, held on the fringes of international conferences, lasted only a short time.

Ikeda is expected to urge Qian to help realize talks with Taiwan to ease bilateral tensions. He will also convey Japan's concern over China's recent saber-rattling, according to the sources.

In an apparent effort to erode voter support for Li, China earlier this month conducted ballistic missile tests near Taiwan and two series of military drills southwest of the island and in a drill-zone between two Taiwan-controlled offshore islands in the northern part of the Taiwan Strait.

China's military posturing sparked the United States to temporarily dispatch two aircraft carrier battle groups to the region to monitor the exercises and fueled security concerns of governments in the region.

Ikeda will also reiterate its demand that China halt nuclear testing and cooperate in efforts to conclude a comprehensive test ban treaty banning all nuclear tests this year, the sources said.

Beijing has said it will continue nuclear testing until the planned global test ban goes into force and has demanded that certain small-scale tests be excluded from the ban.

Ikeda will also try to reach agreement with Qian over when to open bilateral talks on a new fisheries agreement that has become necessary since Tokyo plans to apply a 200-nautical-mile economic zone along its coasts after ratifying the U.N. Convention on the Law of the Sea, they said.

During his stay Qian is also scheduled to hold talks with Prime Minister Ryutaro Hashimoto and Ichiro Ozawa, leader of the major opposition party Shinshinto (New Frontier Party).

Japan: Tokyo, Hanoi To Begin 'High-Level' Talks in Hanoi

OW2903093096 Tokyo KYODO in English
0900 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — Japan and Vietnam will begin high-level political consultations in Hanoi on Wednesday [3 April] as part of efforts to strengthen bilateral relations, the Foreign Ministry announced Friday.

The first session will bring together Japan's Deputy Foreign Minister Shunji Yanai and his Vietnamese Counterpart Vu Kheen, and other officials of both governments, the ministry said.

The meeting will focus on such topics as regional cooperation in Southeast Asia, Vietnam's admission last year into the Association of Southeast Asian Nations and the Asia-Europe meeting in Bangkok earlier this year, it said.

Tokyo and Hanoi have already started similar governmental consultations on economic issues.

Japan: Government Adopts Upgraded Deregulation Program

OW2903021296 Tokyo KYODO in English
0128 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — The government on Friday [29 March] adopted a revision of its three-year deregulation program by adding 569 new measures for drastic structural reform of Japan's economy.

The fiscal 1995-97 package, containing a total of 1,797 steps, is designed to improve the quality of Japanese people's lives by helping to reduce big price gaps between home and abroad, and enabling businesses to offer a wider range of products and services to meet diversified consumer needs, government officials said.

The program is also intended to expand domestic demand and imports, and provide greater new business opportunities, the officials said.

In March last year, the government released the three-year program, which is subject to an annual review.

Steps in the upgraded version range from easing regulations on building standards to reduce housing construction costs, deregulating foreign-currency settlements and allowing convenience stores to offer travel services to smoothing the opening of brokerage outlets and making it easier for medical institutions to advertise.

"We incorporated into the package as many deregulation measures as possible," said a Management and Coordination Agency official while briefing reporters.

The package, however, does not offer clear-cut answers to controversial issues such as the proposed breakup of Nippon Telegraph and Telephone Corp. [NTT], whether to lift a ban on holding companies, and liberalization of the job placement business and services that dispatch workers, citing the need for further study.

The new program also failed to address recommendations made last December by a governmental panel for administrative reforms, including ownership of hospitals by corporations and abolition of a price-fixing system applied to books, immune from antitrust regulations.

The revised program consists of 11 sectors, including housing and land, information and telecommunications, distribution, finance, securities and insurance, and employment and labor.

In the sector of standards, approvals and imports, 110 deregulatory steps, the most in any sector, are incorporated in the program, including simplification of procedures for customs clearance.

Ninety steps are added in the sector of finance, securities and insurance, including easing regulations on asset management of employees pension funds and scrapping requirements for new share issues for capital increases.

Meanwhile, the package said lifting the ban on holding companies should be done so as not to conflict with antimonopoly policies with a view to promoting corporate restructuring efforts and fostering venture businesses.

Although the coverage of lifting the ban has yet to be studied further, it is the first time for the government to clearly state its policy toward lifting the ban on holding companies.

The limit on shareholdings by large-scale companies will be also reviewed accordingly, the program said.

It also said the coverage and details of liberalization of the job placement business will be studied during fiscal 1996, respecting the advice of the governmental panel that the number of job types available through such services should be expanded, except for inappropriate jobs.

The study on dispatching services will also be started during fiscal 1996, it said.

Regarding the proposed breakup of NTT, it said it is difficult to draw a conclusion by the end of fiscal 1995 on March 31. The government will therefore continue studying the issue to hopefully make a decision in time for discussions in the next ordinary diet session slated for January next year, the program said.

In the program, the government also decided to stop exemption from the antimonopoly law of 33 cartel arrangements while continuing the exemption on four such arrangements on a reduced basis and leaving the treatment of 10 other cartel arrangments for further study in the future.

Of the total 1,797 deregulatory steps in the revised program, 818 items have already been implemented, partially or wholly, while 979 items are planned to be implemented from fiscal 1996 which starts April 1.

Japan: Highlights of Government Deregulation Package

OW2903024296 Tokyo KYODO in English
0141 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — The following are the highlights of the government's revised deregulation package announced Friday [29 March]:

Housing and Land

— Drawing up a systematic framework for introducing performance-based construction standards under the Building Standards Law.

— Using the Internet to monitor opinions about government regulations impeding the use of imported housing and foreign-made building parts and materials.

— Easing sunlight regulations for construction as well as restrictions on cellar installment.

Information and Telecommunications

— Finalizing contents of basic rules for access to Nippon Telegraph and Telephone Corp.'s local phone networks by rival telecommunications carriers.

— Allowing mobile telecom service providers to set charges by simply reporting to the government beforehand, rather than seeking official approval.

Transportation

— Reviewing regulations on the number of vehicles taxi companies must have.

— Extending the validity of ship inspection certificates.

Distribution

— Narrowing the range of testing equipment that has to be

— Stepping up information disclosure on price stabilizing systems for agricultural products.

Standards, Approvals and Import-Related Issues

— Allowing foreign suppliers of quality containers for high-pressure gas to inspect and press seals on their products by themselves instead of seeking government inspection, simplifying procedures for authorizing foreign factories under Japan agricultural standards.

— Extending airport office hours to facilitate quarantine procedures for plant imports.

Finance, Securities and Insurance

— Reviewing regulations on financial investment by employee pension funds.

— Effectively repealing qualification standards for commercial paper issuers and maturity regulations for the paper.

Energy

— Reviewing the cycle of regular dam inspections.

Labor

— Drawing up and publicizing manuals on clear, simple and less discretionary approvals for private-sector placement and temporary staff services.

Japan: Hashimoto on Monopoly Ban, 'Foreign Pressure'

OW2903052096 Tokyo KYODO in English
0459 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — Prime Minister Ryutaro Hashimoto expressed his regret Friday [29 March] over the government's failure to lift a ban on holding companies in its revised package of deregulatory proposals released the same day.

"I have regrets about the antimonopoly law," which contains the provision for the 49-year-old ban on holding companies, Hashimoto told reporters.

Friday's package only called for "reviewing" the holding company ban. The unclear wording reflects a rift within the ruling tripartite coalition over the extent to which the ban should be lifted.

The Liberal Democratic Party (LDP), the largest coalition member, wants to lift the ban in the broadest terms possible, while the Social Democratic Party (SDP), the second largest force in the camp, argues holding companies should remain banned in principle.

A coalition task force on holding companies hopes to resolve the difference of opinions in April.

Meanwhile, Hashimoto strongly criticized the Posts and Telecommunications Ministry's reported attempts to convince the U.S. Government to support the debated breakup of Nippon Telegraph and Telephone Corp. (NTT).

"It would be outrageous if government offices made use of foreign pressure (to push for the breakup)," he said.

The government was scheduled to decide on the NTT breakup by March 31, but it postponed making a decision until the next parliamentary session begins in January, as the telecommunications giant is fiercely protesting the move.

In the coalition, the SDP is arguing against the breakup, reflecting the influence of NTT labor unionists who back the party.

Japan: Keidanren Chairman Urges Additional Deregulation

OW2903052996 Tokyo KYODO in English 0453 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — Japan needs to examine further decontrols in the areas of promoting competition and retail business, the head of a major business lobby said Friday [29 March].

Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), made the comment following the government's issuance earlier the day of a revised version of its deregulation program.

Toyoda praised the revised version as bringing considerable progress for deregulation in the areas of housing, land, information and telecommunications, as well as in the financial and securities businesses.

He said he strongly hopes the administrative reform committee, an advisory body to the government on the issue, will closely monitor the progress in implementation of the program.

Further deregulation is necessary in the agricultural, transportation and medical areas as well, Toyoda added.

Japan: Government Briefs Foreigners on Deregulation Plan

OW2903043696 Tokyo KYODO in English 0411 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — The government Friday [29 March] explained its revised deregulation promotion program to embassies in Tokyo and foreign companies and groups after adopting it at a cabinet meeting earlier in the day, government officials said.

At the Foreign Ministry, the government presented progress in deregulatory measures to foreigners with a view to reflecting their opinions into future revisions of the program, the officials said.

Officials from 12 government ministries and agencies, including the Finance Ministry and the Ministry of International Trade and Industry as well as the Fair Trade Commission, explained new steps included in the revised program, mainly steps foreign countries have requested, they said.

Participants in the briefing are expected to consult with their respective governments or head offices about the contents of the program, they said.

Considering persistent dissatisfaction in the United States and the European Union (EU) with Japan's deregulatory steps, there is a possibility that the issue will become a subject of discussion when U.S. President Bill Clinton visits Japan in April or at a Japan-EU ministerial meeting, they said.

Japan: Business Circles Welcome Revised Deregulations

OW2903041896 Tokyo KYODO in English 0213 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — The business community welcomed a revised version of the government's deregulation program unveiled Friday [29 March] as a "step forward" toward full deregulation.

An official of the Federation of Economic Organizations (Keidanren), Japan's biggest business lobby, said, "We are not necessarily fully satisfied with the measures, but the move means the government has accepted what we had maintained."

The latest government move "marks a step forward," said an official of the Japan Federation of Employers Associations (Nikkeiren).

Business leaders noted the fiscal 1995-1997 package contains a greater number of deregulatory items than the program released a year ago.

They now intend to seek a lifting of a ban on establishment of holding companies and further liberalization in the agricultural sector.

On the labor front, the Nikkeiren official gave high marks to the deregulation in private-sector job placement and temporary staff services.

Nikkeiren plans to seek deregulation on late-night work positions for women.

Japan: Panel Urges Decentralization of Power

OW2903104196 Tokyo KYODO in English 0823 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — A government panel called Friday [29 March] for transferring more power to local governments and strictly limiting central government intervention in local autonomies.

In an interim report to Prime Minister Ryutaro Hashimoto, the decentralization panel, urged the government to carry out drastic reform of the centralized administrative system.

The advisory body will start gathering opinions about the report in April and recommend guidelines to the central government within 1996, officials said.

The proposal includes establishment of an independent organization to coordinate administrative works of the central and local governments.

The report also proposed that the central government's involvement in local administrative affairs be confined to those based on law.

It also called for abolishing the system whereby governors handle part of the administrative jobs of the central government, arguing it places local governments under the control of central authorities.

Under the proposed system, local governments would handle only their own administrative work and that assigned by the central government according to law.

The central government would entrust local authorities with such tasks as census taking, passport issuance, national elections and allocation of subsidies.

The central government, however, should retain the right to "advise" and "make recommendations" to local governments on the execution of administrative jobs.

Japan: LDP Official on Reviewing Financial, DPRK Policies

OW2903080496 Tokyo NIHON KEIZAI SHIMBUN (Morning Edition) in Japanese 28 Mar 96 p 2

[Interview with Taku Yamasaki, chairman of the Liberal Democratic Party Policy Research Council, by Hideo Kawai, deputy director of NIHON KEIZAI SHIMBUN Political Department; date and place not given; first paragraph is NIHON KEIZAI SHIMBUN introduction]

[FBIS Translated Excerpt] The ongoing Diet session has returned to a normal state for the time being, and the focus is now on the handling of pending policy issues. We asked Taku Yamasaki, Liberal Democratic Party [LDP] Policy Research Council chairman, to give his views on how his party plans to deal with such problems as the liquidating of housing loan companies' (jusen) bad loans, the summoning of LDP Secretary General Koichi Kato, and a possible emergency in the Far East — problems over which the ruling and opposition parties will be battling. Yamasaki touched on the LDP's stance toward the DPRK (North Korea) and disclosed that the party intends to thoroughly review its policy in regard to the normalization of diplomatic relations with North Korea and discontinue the [current] approach of handling the issue all on its own.

Summoning Should Be Done Fairly and Justly

[Kawai] Is it not necessary to review the jusen disposal scheme to facilitate lower house passage of the FY96 budget?

[Yamasaki] It is true that some members of the LDP as well as other coalition parties firmly believe that the supplementary measures (to ask financial institutions to shoulder additional burdens) are insufficient. However, there is no other solution under the precondition that the draft budget and the jusen disposal scheme will be left untouched. From there, it is a matter of political decision. Before the lower house passes the draft budget, we have to make a final decision on what to do about new measures that do not involve any changes to the scheme and that the people will approve. Neglecting to do so will only make things worse.

[Kawai] The issue of summoning Secretary General Kato to the Diet to testify as a sworn witness has been settled in an ambiguous manner via a meeting between the leaders of the ruling and opposition parties. How do you feel about that?

[Yamasaki] I do not consider that that agreement concerns the issue of summoning Mr. Kato. Tentatively, there are a number of people who are subject to summoning. Summoning should be done fairly and justly. Mr. Kato is not evading the issue. It is necessary to set up rules for summoning witnesses. For example, if we all agreed that a simple majority is all that is necessary to summon anybody, then that will be fine in itself. In that case, however, we should be prepared to see a parade of people called up to testify as sworn witnesses.

[Kawai] Some ruling parties members argue for a review of the plan to submit the three monetary bills, including amendments to the Deposits Insurance Law, to allocate public funds to help liquidate credit unions' bad loans in addition to the jusen ones. How do you feel about that?

[Yamasaki] This should be worked out before the bills are submitted to the Diet, and the ruling parties should thoroughly debate it. It will be extremely difficult to make any changes (to the framework of the government's guaranteeing depositors by pouring in public funds). In regard to credit unions, the central government is to play the main role in settling the problem, with the local governments acting in behalf of the central government and performing assigned functions. The state thus has to clarify its responsibility in the form of fiscal allocation.

Bill on Insurance of Elderly Care Requires Caution

[passage omitted]

ACSA May Be Revised

[Kawai] How does the LDP intend to deal with the DPRK situation?

[Yamasaki] From now on, we intend to conduct negotiations on normalizing diplomatic relations with North Korea squarely via diplomatic channels. So far, politicians have conducted behind-the-scenes maneuvers. We intend to discontinue that approach. Otherwise, we cannot gain the people's understanding nor the understanding of the U.S. and ROK Governments. That is what we have learned from past lessons.

[Kawai] Some U.S. officials have asked that Japan consider the possibility of acting in response to a possible emergency in the Far East. How do you feel about that?

[Yamasaki] The question of how Japan should respond in case a crisis breaks out in the Korean peninsula, Taiwan Strait, Spratly Islands, or other areas will be linked to the issue of the right of collective self-defense. We have asked our party's Research Commission on Security to study the extent to which Japan can provide logistic support under the precondition that the collective self-defense right cannot be approved.

We will endorse the draft Acquisition and Cross-Servicing Agreement (ACSA) as is, but if the scope of Japan's cooperation in an emergency were to be designated, Japan may be required to take specific action. Consequently, further deliberation could lead to a revision of the ACSA. I believe that eventually there will come a time when we will have to debate reviewing the interpretation of the Constitution in regard to the collective self-defense right. However, that will be extremely difficult within the framework of the current administration.

Japan: Law 'Can Be Applied' to Fishing in Russian Waters

OW2903103996 Tokyo KYODO in English
0838 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — The Supreme Court ruled Friday [29 March] that a Japanese law can be applied to punish fishing operations by Japanese nationals inside waters Russia claims are part of its exclusive economic zone.

In reaching its decision, the top court turned down a fishing company president's appeal against a lower court ruling that gave him a suspended sentence for fishing without a permit from the Hokkaido governor in waters off a Russian-held island claimed by Japan.

The fishing was conducted in warters off Shikotan Island in 1989 in a joint operation with an enterprise from the former Soviet union and with a permit from the then Soviet Government.

Shikotan is one of four islands lying to the northeast of Japan's northernmost main island of Hokkaido which the Soviet Union seized from Japan at the end of World War II. The other three islands are Kunashiri, Etorofu and the Habomai group of islets.

Although the fishing was part of a joint venture, the Supreme Court accepted the lower court's ruling that the Japanese partner was the main participant in the venture.

Presiding judge Hideo Chikusa said "considering fishing involves marine products from a borderless ocean, a Japanese law can be applied to instances where Japanese nationals run a fishing operation in a foreign country's exclusive economic zone."

The Kushiro District Court in eastern Hokkaido sentenced Tadaichi Shiiku, head of the fishing company Utari Kyodo, to five months in prison suspended for three years in February 1991 for illegal fishing. The operations were against the Hokkaido Prefectural Government's ordinance on fishing.

The court found that Shiiku conspired with the captains of ships in his company to catch some 6 tons of crab in waters around Shikotan between October and November 1989. The Sapporo High Court upheld the district court ruling in April 1992.

The Supreme Court ruled that the system under which fishing permits are required from the Hokkaido governor exists "for the protection of marine produce and to ensure order in the fishing industry."

It ruled that for those purposes, "when Japanese nationals contravene the regulations in regard to foreign waters that constitute a single mass contiguous with Japanese waters and the open seas, it is necessary to apply a Japanese law to punish the act."

Shikotan is about 80 kilometers from the nearest point on mainland Hokkaido.

Japan: Posts Minister Vows To Pursue Telecom Deregulation

OW2903062196 Tokyo KYODO in English
0533 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — Posts and Telecommunications Minister Ichiro Hino said Friday [29 March] the government will pursue deregulation in the telecommunications sector before tackling the contentious breakup of Nippon Telegraph and Telephone Corp. (NTT).

The government was supposed to make a decision on the split of the telecom giant by March 31, but it decided to postpone finalizing its position until the next regular parliamentary session begins in January.

"We made that decision because of the lack of time," Hino said at a news conference. "We will go ahead with deregulation and study various problems arising from it before dealing with the NTT issue."

A government advisory panel produced a report in February calling for NTT to be divided into one long-distance and two local carriers serving the eastern and western halves of Japan, in order to help lower rates and diversify services through competition.

But NTT staunchly opposes the plan, saying the split would erode its international competitiveness as well as weaken its research and development capacity.

The Social Democratic Party (SDP), one of the three ruling coalition parties, is arguing against the split because of opposition by NTT labor unionists who back the party. Hino is an SDP member.

Meanwhile, in the government's deregulation package announced Friday, the ministry pledged to formulate the contents of basic rules for access to NTT's local telephone networks by rival carriers and make other deregulatory efforts.

Japan: White Paper Expresses 'Regret' Over Reactor Accident

OW2903050396 Tokyo KYODO in English
0424 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — The 1995 Nuclear Safety White Paper Friday [29 March] expressed regret over a sodium leak accident at Japan's prototype fast-breeder reactor in December.

The document, prepared by the government's Nuclear Safety Commission, said it is "regrettable" that the accident at the reactor, known as "Monju," caused unease and distrust among local residents and the nation as a whole.

The annual report departed from the usual practice of covering the previous year to fall only in referring to the Monju incident.

The government-funded Power Reactor and Nuclear Fuel Development Corp. shut down Monju, located in Tsuruga, Fukui Prefecture, some 350 kilometers west of Tokyo, on Dec. 8 after liquid sodium leaked from the secondary cooling system.

The white paper noted that the Monju accident did not involve harm to workers or nearby residents from radioactive substances, and said the reactor was stopped safely without any effect on its core.

But it also acknowledged that a leak of sodium coolant occurred in the accident, that this aggravated the subsequent blaze, and that there were deficiencies in the release to the public of information.

Referring to investigations into the accident, it listed 10 areas of concern, including whether previous safety assessments properly reflected safety regulations and operations management, all aspects of design and inspection, and the question of the adequacy of the operations manual and accident response procedure.

The committee has said it will include further findings from investigations into the accident in white papers for some years to come.

The white paper also noted heightened public concern over nuclear power stations in the wake of the great Hanshin earthquake which struck the Kobe area Jan. 17, 1995.

It devoted 60 pages to a discussion of the current thinking on earthquake safety standards and said that based on the findings of a committee specially constituted after the Kobe earthquake, current ways of assessing earthquakes are adequate.

The Nuclear Safety White Paper is normally approved in February, but because of the Monju accident and committee members' desire to include a reference to it, the paper was delayed.

Japan: Upper House 'Formally Approves' Stopgap Budget

OW2903041196 Tokyo KYODO in English
0331 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — An 11,621.5 billion yen stopgap budget for fiscal 1996 was formally approved Friday [29 March] as the House of Councillors passed the measure.

The largest-ever emergency budget, covering the period from April 1 through May 20, is aimed at keeping the government going for 50 days in the absence of a full budget for fiscal 1996, which starts April 1.

The budget includes 2,991.5 billion yen in public works spending, or 31.1 percent of the outlays set aside for public works in the main fiscal 1996 budget.

The large public works outlay stems from concern that the protracted Diet stalemate over the liquidation of seven insolvent housing loan firms, known as "jusen," could have an adverse impact on the budding economic recovery, government officials said.

The Diet standoff between the ruling coalition and the largest opposition party Shinshinto (New Frontier Party) focuses on a government plan to use 685 billion yen in taxpayers' money to help resolve the "jusen" issue.

Japan: Ex-Im Bank To Grant Greece 30 Billion Yen Loan

OW2903104096 Tokyo KYODO in English
0841 GMT 29 Mar 96

[FBIS Transcribed Text] Tokyo, March 29 KYODO — The Export-Import Bank of Japan has signed an agreement with the Commercial Bank of Greece for an untied loan of 30 billion yen, the government-financed bank said Friday [29 March].

The bank will provide 21 billion yen of the total, while six private banks including Mitsubishi Bank will finance the remaining 9 billion yen to be guaranteed by the Export-Import Bank.

The loans are part of the overseas investment promotion measures that the government decided to take last year to correct the yen's appreciation.

The funds will be used to enhance the competitiveness of Greek exports such as processed foods and textiles, and also to develop the country's tourist industry, the bank said.

Japan: FY95 Overseas Production Estimated To Exceed Exports

OW2903005296 Tokyo NIHON KEIZAI SHIMBUN (Morning Edition) in Japanese 27 Mar 96
Morning Edition p 7

[FBIS Translated Text] The output at Japanese firms' overseas affiliates in FY95 is expected to exceed their exports from Japan for the first time. According to estimates announced on 26 March by the Ministry of International Trade and Industry [MITI], Japanese overseas affiliated production companies' sales are expected to total 41.2 trillion yen, while exports from Japan are expected to total 39.6 trillion yen. With the yen's appreciation against other currencies, the trend toward international division of labor has become firmly established. Not only are more and more Japanese firms advancing overseas but also an increasing number of established firms are pouring in additional investment.

In particular, Japanese overseas affiliates in Asia are earning high returns and act as the driving force for increased overseas production.

MITI announced its estimates as the results of the analysis of its "study on trends in overseas business activities." MITI conducted its study by requesting information from Japanese manufacturing firms with overseas affiliates on their business standings in March 1995. The study covers approximately 70 percent of all overseas affiliates.

Overseas affiliate firms' sales began sharply increasing in FY93 when the yen markedly appreciated. In FY93, their sales totaled approximately 25 trillion yen, but in FY95, the figure is expected to increase by more than 60 percent. In particular, sales by overseas affiliates in Asia are growing more rapidly than those in other regions, increasing by 90 percent in the same period.

In terms of different types of businesses, transportation equipment, such as automobiles, and electrical equipment, such as personal computers and household electrical appliances, each accounted for more than 30 percent of the share of overseas affiliates' total sales; together, they accounted for a solid 60 percent. Transportation equipment is mainly manufactured in North America, while electrical equipment is mainly produced in Asia. Other than these two businesses, the only businesses notable are chemical products that accounted for 7.6 percent of the total sales of Japanese overseas affiliates. There is a wide disparity in progress made by Japanese overseas affiliates depending on the type of business involved.

Japanese overseas affiliates in Asia are also actively pouring in additional investment. In FY94, additional investments made by Japanese overseas affiliates in all parts of the world totalled a record $13.6 billion, of which $7 billion, or more than 50 percent, was invested in Asia. The rate of year-on-year growth of additional investment by Japanese overseas affiliates in Asia stood out at 30 percent, while that for Japanese overseas affiliates in all parts of the world together was 15 percent.

Japanese overseas affiliates in Asia are vigorously engaged in production activity because of high profitability. Japanese domestic firms' ratio of current profits to net sales was 2.4 percent in FY94, while that for their overseas affiliates in Asia amounted to 4.1 percent. MITI has analyzed that this difference in profitability is the reason for the expansion in overseas production. It predicts that Japanese firms' "ratio of overseas production will rise, centering around Asia."

Japan: Bank Merger 'Likely' To Fuel More Reorganizations

OW2903042396 Tokyo KYODO in English 0210 GMT 29 Mar 96

[By Keiko Tatsuta and Yoichi Kosukegawa]

[FBIS Transcribed Text] Tokyo, March 29 KYODO — The Bank of Tokyo-Mitsubishi, a new bank to be born on April 1 as a result of a merger between two major commercial banks, is likely to bring about a competitive struggle in Japan's banking industry.

With its assets the world's largest, worth some 74 trillion yen, the new bank is already deemed as being the only Japanese bank that can compete with such banks as Citicorp and J.P. Morgan of the United States on an equal footing.

News of the merger last year between Mitsubishi Bank and the Bank of Tokyo, a match of a bank with a strong domestic retail base and a world-famous foreign exchange bank, provoked both envy and worry throughout Japan's banking sector.

The Bank of Tokyo-Mitsubishi will likely have a head start in the race to become an internationally competitive bank, banking analysts say.

It has the advantage of not only a strong domestic business front and extended overseas network, but also of capability to function as a bank that will meet diversified customer needs by offering wide-ranging services from the trust business and bank debentures to derivatives trading, they explain.

The merger is seen as a deal to maximize business efficiency by taking advantage of each bank's competitive edge while offsetting weak points.

Masaru Takagi, chief economist at the Fuji Research Institute, said, "over the long run, it will lead to the industry's reorganization and the number of major commercial banks will decrease further," Takagi said.

Other commercial banks are searching for effective strategies to compete against the new banking colossus.

Sumitomo Bank is reportedly planning a merger with Daiwa Bank, which is the only commercial bank offering trust business and also has Cosmo Securities Co. under its control.

If the deal is struck, a new bank would eclipse the Bank of Tokyo-Mitsubishi in terms of funds, further intensifying a survival race in the Japanese banking sector.

Dai-ichi Kangyo Bank is trying to strengthen relations with its group companies in the trust business and securities sectors.

"We will appeal to our customers with a cooperative line between our bank and group companies such as Kankaku Securities Co. and Dai-ichi Kangyo Trust and Banking Co.," DKB Vice President Katsuhiko Kondo said.

In preparation for a substantial increase in customers through the merger with Mitsubishi Bank, the Bank of Tokyo is building an international personal computer network in the new bank for global financial settlements.

Mitsubishi Bank is planning to offer to companies and individuals fund management services through the establishment of "money desks" in the new bank's branches. The desks will offer explanations of derivatives instruments and consultation for management.

In order to stay competitive, other major banks have geared up their efforts to upgrade the quality of their services.

In March, Sumitomo Bank started offering an on-line inquiry service to provide details on overseas accounts via personal computers.

Dai-ichi Kangyo Bank has tied up with U.S. securities giant Merrill Lynch and Co. to strengthen derivatives trading.

"The time is coming when other banks have to work out a strategy by closely watching the moves of the Bank of Tokyo-Mitsubishi," a senior official of the Finance Ministry said.

This could be the chance for Japanese banks, currently less profitable than U.S. and European banks, to grow globally competitive by following the lead of the bank of Tokyo-Mitsubishi, the official said.

As competition grows, setting up a holding company will likely become one of tools to survive a wave of the banking reorganization in Japan, banking analysts say.

Under a holding company, an entity still banned in Japan, businesses in various financial sectors like banking, trust and securities, could exist independently, which would save complicated procedures for mergers.

Jiro Umeta, a corporate researcher at the Wako Research Institute of Economics, said the future introduction of financial holding companies may mean that the birth of the Bank of Tokyo-Mitsubishi will not promote either a similar type of mergers or tie-ups beyond business sectors.

He said the banking industry's reorganization is unlikely to be limited to conventional ways, such as merging and forming subsidiaries, with the lifting of the ban on financial holding companies coming into sight, Umeta said.

Other banks have already regarded a financial holding company as essential for reorganization.

"We have simulated groupings with major securities companies and major commercial banks by way of a holding company," said a senior official of a long-term credit bank.

An executive of a major commercial bank predicts that the number of major commercial banks in Japan will be cut to 10 from the present 21 in three years through unification under a holding company system.

Japan: Tokyo Grants SRV 70 Billion Yen in Official Loans

OW2903104396 Tokyo KYODO in English
0847 GMT 29 Mar 96

[FBIS Transcribed Text] Hanoi, March 29 KYODO — Japan on Friday [29 March] formally extended a 70 billion yen package of credits to Vietnam, according to Japanese diplomats in Hanoi.

The diplomats said representatives of the two countries exchanged in Hanoi diplomatic notes on the new loan package for the Japanese fiscal year of 1995, which ends Sunday.

The 70 billion yen figure compares with a 58 billion yen package extended by Japan in fiscal 1994. It constitutes the largest such package since Japan's official loan assistance to Vietnam was resumed in November 1992.

The package covers eight projects, five of them ongoing, and places priority on the areas of electricity generation and transport infrastructure, including ports, railways and roads.

The largest single loan, one for 10.2 billion yen, will go to a project to extend a deep water port at Cai Lan, located in northeastern Vietnam's Quang Ninh Province.

Most of the loans carry an interest rate of 2.3 percent per annum and are repayable over 30 years, including a 10-year grace period.

Japan is Vietnam's largest aid donor. At last November's pledging conference of donor countries in Paris, it pledged 70 billion yen in loans, 7.8 billion yen in grants and 2.7 billion yen in technical cooperation for fiscal 1995.

North Korea

DPRK: Vice Marshal Issues Statement on Armistice

SK2903030496 Pyongyang Korean Central Broadcasting Network in Korean
2110 GMT 28 Mar 96

[FBIS Translated Text] Vice Marshal Kim Kwang-chin, first vice minister of the People's Armed Forces, issued the following statement regarding the ill-boding [simsangchianun] military outbursts and movements, which can only be seen on the eve of war, that are being extensively conducted in South Korea now.

A statement issued by Vice Marshal Kim Kwang-chin, first vice minister of the People's Armed Forces:

Today, the armistice state on the Korean peninsula is reaching its limit.

Continuously babbling about the possibility of our so-called military adventure and an unpredictable danger, the person in authority in South Korea went so far as to say that the issue pertaining to North-South relations can only be resolved through military strength. Coinciding with this, ill-boding military movements that can only be seen on the eve of war are being extensively made in the South side of the Military Demarcation Line [MDL].

The enemies staged a large-scale aerial surprise attack exercise against us in the skies above the West Sea off the Sosan peninsula and the East Sea [Sea of Japan] off Samchok at the beginning of this year. In February, they perpetrated a joint naval exercise called the "Valiant Arthur 96-2K" by mobilizing numerous warships and fighter planes. Even now, they are staging the "Hoguk-96" exercise in which the large forces of the Army, the Navy, and the Air Force are mobilized.

In terms of their scale and intensity, these war exercises are next to a real war, or 30 percent greater than last year and 50 percent greater than the previous year.

Aggression and war are the last means resorted to by all kinds of reactionaries of history whenever they confront a crisis.

The person in authority in South Korea attempts to seek a way out through a war from the current political and regime crisis — which stems from unprecedented illicit fortunes he amassed — and the anti-North confrontational policy.

Regarding the fellow countrymen's temporary difficulty due to the flood as a good chance for northward invasion, the South Korean authorities have hindered the international humanitarian aid while spreading a rumor of someone's collapse [kunuguui punggoesol]. This is part of their provocations aimed at war.

How rampantly the enemies are running amok to prepare an atmosphere for war can be seen from their spread of rumors on the possibility of our preemptive missile attack [uriui misail sonje konggyoksol] by linking the recent crisis in the Taiwan Strait with us.

The enemies' war provocation maneuvers have reached the worst stage in which they even dared to vilify our supreme leadership. [chokturui chonjaeng tobal chaektongun chio uriui choego chidoburul kamhi chungsanghanun choeagui tangyeekaji irurota]

All these facts show that the South Korean authorities have virtually pulled the trigger for northward invasion [modun sasirun namjosondanggukchadurui pukchim kyokpalgiga imi tanggyojin sangtaeiranungosul poyojunda]

Now the question is not whether a war will break out on the Korean peninsula, but when it will take place [ijewaso munjenun chosonbandoeso chonjaengi ironagaennunga malgannunga hanungosi anira ku sijomi onjeinga hanundaeita]. The ones standing behind the South Korean authorities' reckless war commotion are the ultra-right conservatives of the United States, who attempt to create a favorable condition for presidential elections by igniting an armed conflict on the Korean peninsula. This has rendered the situation all the more serious.

Our People's Army—which regards as a lofty mission its defense of the popular-mass centered socialism of our own style with arms and the security of the fatherland and the nation with the lives of its members—will never look with folded arms at the present situation in which dialogue is being replaced by a war. [inmindaejungjungsimui urisik sahoejuuirul mujanguro ongwihamyo chogukkwa minjogui anjonul moksumuro chikinungosul sinsonghan samyonguro hagoinnun uri inmingundaenun taehwaga chonjaenguro tungaphagoinnun onurui sataerul kyolko susubanggwan halsu opta]

Our People's Army has closely watched the enemies' sophism for peace on the Korean peninsula and the solution through dialogue with due vigilance.

The present situation in which even our proposal for establishing a systematic mechanism for preventing a war on the Korean peninsula has been turned down shows that there is a limit to the method of dialogue.

Now it has been made clear that the South Korean puppets have decided on a real war and that the only action that remains is the actual sound of gunfire. Under these grim circumstances, our People's Army cannot help but seek due countermeasures

Our countermeasures will include steps regarding the situation of the DMZ [demilitarized zone] and the MDL whose status can no longer be kept. [uriui taeungchaegenun kunsabungyeson pimujangjidaeui chiwirul toisang yujihalsu opkedoen sanghwange tarunun chochiduri pohamdoelgosida]

The mission of our People's Army to defend the security of the fatherland and the gains of the revolution is not confined only to the defense of aggressive acts. [chogugui anjongwa hyongmyongui chonchimurul chikigiwihan uri inmingundaeui samyongun chimyak haengwirul pangohanun daeeman kukhan toeoichianta]

It is the nature of our Army that we answer fire with fire and a stick with a stick.

Our People's Army will take a strong self-defensive step to smash the South Korean puppets if they dare to encroach upon an inch of our land or a clump of our grass.

Overflowing with great confidence in victory and revolutionary optimism, our People's Army and people are now filled with the spirit to smash the enemies' invasion with a stroke.

Our people and the People's Army who uphold Comrade Kim Chong-il, the supreme leader [choego yongdoja] of our party and state, as supreme commander, will always be victorious; will annihilate all invaders; and uproot the source of war on the Korean peninsula.

[Dated] March 29 1996, Pyongyang

DPRK: TOKYO SHIMBUN Cited on 'RimPac '96' Exercises

SK2903101296 Pyongyang KCNA in English 0959 GMT 29 Mar 96

["Dangerous War Exercise Against Korean Peninsula" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA) — The Japanese TOKYO SHIMBUN Wednesday said that the United States, Japan and South Korean puppets have planned to stage "RimPac '96" military manoeuvres simulating "regional disputes" in May this year, according to a report.

The one-month-long military manoeuvres in the form of "countering regional disputes" are based on the military strategy of the U.S. Armed Forces to "provide against" the situation of the Korean peninsula, said the newspaper.

The war gamble, a dangerous provocation move to bring a dark cloud of war to Korea, sparks vigilance.

DPRK: Thai Article Examines 'Counterfeiting Ring'

BK2903035196 Bangkok ASIA TIMES in English 29 Mar 96 pp 1,2

[Report by Bradley Martin in Tokyo]

[FBIS Transcribed Text] A man under arrest in Thailand as a suspected member of a counterfeiting ring was identified on Thursday as a former Japanese Red Army radical who had been in the service of North Korea since 1970.

Just the day before, in Seoul, a North Korean defector accused a high-ranking official of asking him to smuggle opium.

Both cases appear to involve a relentless official quest for negotiable currency. If food and fuel are the items in shortest supply in North Korea, hard currency rivals them for their place at the top of the list. And it appears the regime will go to extraordinary lengths to get it.

Charges of officially sanctioned criminal activities to bring in foreign exchange have been around for years, but are now being heard much more often - and in far more telling detail. They gain credibility from reports that the North Korean economy has fallen into such dire straits as to require closure of the factories and mines that formerly brought in at least a modicum of real money.

The latest report is a strange story unfolding in Cambodia and Thailand, of an accused counterfeiter identified as one of the Japanese Red Army terrorists who in 1970 hijacked to Pyongyang a Japan Airlines plane carrying 129 people. Japan's NHK broadcast a report on Thursday saying Japanese police had examined the fingerprints of a man posing as a North Korean named Kim Il-su, currently under arrest in the Thai beach resort of Pattaya. They confirmed that he was actually Red Army member Yoshimi Tanaka, 47.

According to police reports in Bangkok, Kim Il-su was arrested by Cambodian police on Sunday while trying to enter Vietnam in a North Korean embassy Mercedes. Two North Koreans with him, carried diplomatic passports, were also questioned, but were later released.

The arrest followed information given to Cambodian police and Interpol by authorities in Pattaya, who earlier this month issued a warrant for a group of Japanese tourists suspected of using counterfeit U.S. dollars. The man, later identified as Tanaka, was transferred to a police station in Pattaya where Japanese police officials were called to take his fingerprints for further investigation. The United States Secret Service has been assisting Thai police experts in detecting counterfeit notes and seven suspects have been arrested in the past two months. Of the nine Japanese radicals involved in the 1970 hijacking, one returned to Japan secretly and in 1988 was arrested, two have died and the other six, including Tanaka, have remained on the wanted list.

The North Korean Embassy in Bangkok issued a denial that any of its people had been involved in counterfeiting. The country has likewise denied a number of earlier charges that its officials abroad engaged in counterfeiting or smuggling.

A former North Korean trading company official added to the long list of such accusations when he said in Seoul on Wednesday that a senior officer in the North Korean People's Army had asked him last March to smuggle part of a stash of 2.5 tonnes of opium abroad and sell it. News agency reports quoted Choe Se-ung, 34, as accusing North Korea of encouraging its traders to engage in widespread drug trafficking in order to bring in foreign exchange.

Choe defected to South Korea with his wife and children last December after working in London for a North Korean-British joint venture company, Development and Investment. Pyongyang charged that he defrauded the company before fleeing. His version is that he came under political pressure after refusing to lend company money to another North Korean working in London.

Choe said North Korea lacked sufficient energy even to operate most of its gold and silver mines. And he is not alone in making such claims. Seoul's KOREA ECONOMIC WEEKLY reported that energy shortages are so bad, that even Kimchaek steel mill, North Korea's largest, and formerly a major foreign exchange earner, had suspended operations.

Choe said the shortage of hard cash was so severe that trading companies such as the one he worked for were required to get the explicit personal approval of top leader Kim Jong-il every time they wanted to draw money from their bank accounts.

North Korean organizations in need of foreign exchange, even military units and diplomatic missions, were left to their own devices to get it, in any way they could, he said. In many cases it appears they have failed to get enough to stay in operation.

Pyongyang has closed 26 overseas diplomatic missions since 1991 for lack of operating funds, 12 of them last year.

Another Seoul paper, THE KOREA TIMES, recently catalogued some of the more ingenious ways that North Koreans deal with the shortage of foreign exchange:

* Soak the South Koreans. Many South Korean businessmen are eager to do business with the north, but to get there they have to go via China. For the past three years, the North Korean embassy in Beijing has been hitting them up for visit fees that have run as high as $200,000 per delegation. The embassy uses part of the haul for its operating expenses and sends another portion back to Pyongyang.

* Psst! Looking for an early Yi Dynasty vase? The Culture Ministry takes commissions for setting up antique sales to foreigners.

* I'll be your guest. When invited abroad, North Korean scholars and officials now ask their hosts, or even ethnic Koreans living abroad, to foot the bills. Among those poormouthing in this fashion, according to a recent report by YONHAP News Agency, were members of an official delegation to New York talks on the deal to give Pyongyang light-water reactors, in exchange for its freezing its suspected nuclear development program.

South Korea

ROK: Seoul Pressured for Consent to U.S.-DPRK Officers Meeting

SK2903014796 Seoul YONHAP in English 0134 GMT 29 Mar 96

[FBIS Transcribed Text] Seoul, March 29 (YONHAP) — Washington has renewed its pressure for Seoul's consent to the U.S.-North Korea general-grade officers' meeting proposed by Pyongyang.

A government official said Friday that in January a ranking Pentagon official had sent his counterpart at the Defense Ministry a letter asking for Seoul's cooperation in opening the U.S.-North Korea general-grade officers' meeting as proposed by the isolated communist country.

The Pentagon official, worrying that there is no reliable channel of dialogue between the UN Command in Seoul and the North Korean People's Army, pointed to the need for a general-grade officers' meeting between the UN Command and the North Korean People's Army, he added, speaking on condition of anonymity.

In September last year, Gen. Gary Luck, commander of the U.S. Forces Korea who concurrently serves as UN commander, sent Defense Minister Yi Yang-ho a letter, making a similar request.

Yi opposed the general's request, saying the proposed U.S.-North Korea general-grade officers' meeting would not only neutralize the basic inter-Korean agreement on cooperation and reconciliation but also make South Korea an outsider in future international talks on Korean issues.

The official said the government's position has not changed from Defense Minister Yi's response to Luck's letter last September.

The government is against the Pyongyang-proposed U.S.-North Korea general-grade officers' meeting because it would neutralize the existing military armistice commission and drive South Korea from future international talks on Korean issues, he added.

ROK: Pressure on ROK To Approve U.S.-DPRK Talks Causing Discord

SK2903045796 Seoul CHUNGANG ILBO in Korean 29 Mar 96 p 1

[Report by reporters Kim Min-sok and Kim Tu-u]

[FBIS Translated Text] It has been learned that the United States is persuading and pressuring the ROK Government through various channels in order to realize U.S.-DPRK general officer-level talks proposed by North Korea. However, the ROK Government has opposed this. Accordingly, discord is increasing between the ROK and the United States, and the future coordination regarding this matter between the two governments draws our attention.

An official concerned at Chongwadae [presidential offices] revealed on 28 March: "Despite the ROK Government's clear expression of its will to oppose this matter on many occasions, the U.S. Government sent a letter to a high-ranking official at the ROK Ministry of Defense last January in the name of Kurt Campbell [name as transliterated], deputy assistant secretary of defense for Asian and Pacific affairs, asking our government to cooperate in realizing general officer-level talks between North Korea and the United States."

This official said: It is hardly understandable that the United States has accepted North Korea's stance almost as it is and asked for the ROK Government's cooperation despite the fact that the North Korea-proposed general officer-level talks are aimed at incapacitating the Military Armistice Commission [MAC] and at excluding the ROK from the talks.

In the letter, Deputy Assistant Secretary Kurt Campbell urged the ROK Government's cooperation, saying that "the United States is deeply worrying that there is no reliable channel of dialogue between the U.N. Command in the ROK and the North Korean Army and [the United States] wants the ROK Government to review its policy regarding U.S.-DPRK general officer-level talks in an affirmative direction so that the talks can be realized.

In September last year, Gary Luck, commander of the U.S. Forces Korea, sent National Defense Minister Yi Yang-ho a letter, notifying him of the U.S. policy.

In November last year, Defense Minister Yi Yang-ho sent a letter to Commander Luck. Opposing the U.S. policy, Minister Yi said in the letter: "It is understandable that a dialogue channel is needed to prevent a military crisis. However, if U.S.-DPRK general officer-level talks are realized, the Basic North-South Agreement, which was concluded based on the principle of resolving problems between the North and the South of Korea, would be neutralized and the ROK would be turn into a mere outsider."

The U.S. side's idea is that the senior member of the MAC, a position held by a ROK general officer, is excluded from the talks and that the talks' agenda includes comprehensive items such as the prevention of military dispute and military confrontation, accepting North Korea's demands as they are.

In particular, the U.S. side is considering using the orderly officers' building in Panmunjom as the venue of the talks. North Korea proposed this building as the venue of the talks as a strategy to exclude South Korea. The U.S. side also proposed that a U.S. major general represent the U.N. Command and meet with the North Korean side's member represented by a North Korean Army lieutenant general officer.

ROK Rejection of U.S. Request for U.S.-DPRK Talks Reviewed

SK2903052696 Seoul YONHAP in English 0507 GMT 29 Mar 96

[FBIS Transcribed Text] Seoul, March 29 (YONHAP) — South Korea has declined a U.S. request in January that it consent to a general-grade officers' meeting between Washington and Pyongyang, the Defense Ministry disclosed Friday.

In a letter addressed to Assistant Minister of Defense for Policy Maj. Gen. Pak Yong-ok in January, U.S. Deputy Assistant Secretary of Defense for Asia and the Pacific Curt Campbell asked for help in arranging Washington-Pyongyang general-grade officers' talks, a ministry spokesman said.

Campbell made the request due to U.S. concerns about the lack of reliable dialogue channels between the United Nations Command in Korea and the North Korean Armed Forces.

Campbell came to Seoul and met with Pak in January. In that meeting, Pak made it clear that Seoul would not consent to the proposed meeting until the issue of replacing the Armistice Agreement is resolved between the South and the North, the spokesman said.

Pak noted that the proposed talks might play into the hands of the North in their attempt to incapacitate the Armistice Agreement.

Gen. Gary Luck, commander of the U.S. Forces in Korea, sent a letter to Defense Minister Yi Yang-ho in September last year, proposing the contact between America and the North.

Yi objected to the proposal on the grounds that the talks, if they took place, would make the basic agreement between the two Koreas, which is based on the principle of resolving Korean issues between the two parties directly involved, a scrap of paper.

ROK: U.S. President Clinton To Visit South Korea 16 Apr

SK2903052096 Seoul YONHAP in English 0516 GMT 29 Mar 96

[FBIS Transcribed Text] Seoul, March 29 (YONHAP) — U.S. President Bill Clinton will visit Seoul at South Korean President Kim Yong-sam's invitation on April 16, presidential spokesman Yun Yo-chun announced Friday.

President Kim is going to meet Clinton on Cheju Island and this will be the sixth summit with the American President since Kim was sworn into office in February 1993, the spokesman explained.

"They are expected to exchange views about the situation on the Korean peninsula and in Northeast Asia as well as ways to increase cooperative Seoul-Washington security and economic relations," Yun said.

Analysts have predicted that it will be a comprehensive discussion about ways to ease tension and maintain peace on the Korean peninsula and bring a complete settlement to North Korean nuclear problems.

They are also expected to discuss other issues including recent relations between China and Taiwan, the overall regional situation in Northeast Asia, and increasing cooperative relations between the two countries in such international arenas as the Asia-Pacific economic cooperation, the Asia-Europe meeting, and the United Nations.

Kim and Clinton are scheduled to hold a joint press conference afterwards to announce the results of their meeting.

Clinton is going to continue on to Japan the same day (April 16) without staying the night on Cheju Island, and will then visit Russia.

Yu Chong-ha, senior presidential secretary for foreign affairs and national security, said that the Kim-Clinton meeting will enhance the consultative system among Korea's neighboring countries as well as reinforce the cooperative system among South Korea, the United States and Japan.

ROK: Announcement on Relocation of U.S. Military Base 'Incorrect'

SK2903060596 Seoul THE KOREA HERALD in English 29 Mar 96 pp 3, 5

[FBIS Transcribed Text] The Pusan mayor's earlier announcement that South Korea and the United States have agreed to relocate a U.S. military base to the outskirts of the city by early 2001 was erroneous and incorrect, according to the Korean government and U.S. military officials in Seoul yesterday.

"The fact is that both sides have only agreed to conduct a 'site survey' on land near Kimhae International Airport, a candidate site for the relocation of Camp Hialeah," said a Foreign Ministry official. South Korea and the United States also agreed last week that Pusan City will fund the site survey.

"There was no concrete agreement on say, the timing of the relocation," said the ministry official.

He said that "it seems to me that Pusan City stretched the meaning of the agreement."

Pusan Mayor Mun Chong-su announced Saturday that at a SOFA [Status of Forces Agreement] Joint Committee meeting last Thursday both sides signed a letter of agreement on the phased relocation of Camp Hialeah to a site near the airport, west of Pusan, by the year 2001. In a press conference, Mun also said one-third of 140-acre Camp Hialeah will be relocated by June 1999, so that an athletes' village can be constructed there in preparation for the 2002 Asian Games Pusan will host. The rest of the camp will turn into a park before the Asian Games, he said

The ministry official said that the timetable of relocation Mun announced was "just a schedule on the part of Pusan City."

A U.S. Forces Korea (USFK) spokesman also confirmed that Mun's announcement was incorrect.

"We made clear last week that the ROK government and the U.S. side agreed on the site survey and on the ROK government funding it," said Kim Yong-kyu at the USFK public affairs office. He said he agreed with the Foreign Ministry official that Pusan City officials might have stretched the earlier agreement.

"Before both sides reach a full agreement on the relocation, there would be several issues ahead of it, and last week's agreement was the first toward the full agreement," Kim added.

He said that USFK "has no objection to relocating any of our facilities so long as the relocation positively supports our mission of assisting in the defense of the Republic of Korea, and so long as the ROK government's costs associated with a relocation are reasonable and within the financial means of the ROK.

"Our position (on relocation) is the same now that it has been for years he added."

An official at Pusan City explained that "it is true that both sides have agreed to conduct a site survey first, and it means that they have agreed on the relocation of Camp Hialeah."

He said that "without having agreed on the relocation, there would have been no concurrence on the site survey and that's clear.

"We have explained our blueprint and both sides have understood it," he said.

Meanwhile, residents at Taejo-tong, Kangso-ku, in the western edge of Pusan held a protest demonstration opposing the relocation of the U.S. military base to their town.

"We will block the relocation to our town by all means," a resident said, complaining that "we already have a dumping ground with an Air Force supply facility here, and that's enough."

ROK: USFK Commander Testifies DPRK Collapse 'Matter of Time'

SK2903062296 Seoul KBS-1 Radio Network in Korean 0500 GMT 29 Mar 96

[FBIS Translated Text] Gary Luck, commander of the U.S. Forces Korea [USFK], asserted again today that North Korea will collapse in the very near future. Testifying at the U.S. Senate Armed Services Committee, he said that considering the serious food shortages of North Korea, the the collapse of North Korea is a matter of time.

Commander Gary Luck stressed that there is a possibility, however, that North Korea will attack the ROK to divert the attention of its people from the domestic situation, adding that North Korea mobilized its major combat forces near the Military Demarcation Line.

ROK: General John Tilelli Nominated as New USFK Commander

SK2903093296 Seoul YONHAP in English 0652 GMT 29 Mar 96

[FBIS Transcribed Text] Washington, March 28 (YONHAP) — U.S. President Bill Clinton has nominated Gen. John H. Tilelli, Jr. to replace outgoing Gen. Gary Luck as Commander of the United States Forces in Korea, the U.S. Department of Defense (DOD) disclosed Thursday.

Currently commander of the U.S. Army Forces Command at Ft. McPherson, Georgia, Tilelli, upon Senate approval of his nomination, will concurrently head the Republic of Korea-U.S. Combined Forces Command and the United Nations Command in Korea.

A four-star general with 32 years of military experience, Tilelli was an economics major at Pennslyvania Military College and received a master's in educational administration from Lehigh University.

Prior to his current post, he served as Vice Army Chief of Staff from July 1994 to June 1995 and as a field commander during operation Desert Storm in Kuwait and Iraq from October 1990 until April 1991.

Meanwhile, a DOD official declined to say whether Gen. Luck would retire.

ROK Foreign Minister Returns After 10-Day Trip to PRC, U.S.

SK2903080296 Seoul YONHAP in English 0738 GMT 29 Mar 96

[FBIS Transcribed Text] Seoul, March 29 (YONHAP) — Foreign Minister Kong No-myong returned to Seoul Friday from his 10-day trip to China and the United States to cement ties with the two world powers.

In Beijing, Kong met with Chinese President Jiang Zemin, Premier Li Peng and Foreign Minister Qian Qichen to reaffirm the position of the two countries on issues concerning North Korea that inter-Korean dialogue is essential for peace and stability on the Korean peninsula.

Kong and the Chinese leaders also shared the view that the current armistice treaty, which ended the three-year Korean war in 1953, should remain effective until a new peace mechanism is established.

While meeting with Kong, Chinese leaders also expressed their opposition to a tentative peace agreement between Washington and Pyongyang proposed by the North.

The two sides also agreed to make efforts to sign a fishery agreement between the two countries.

In Washington, Kong met with U.S. Secretary of State Warren Christopher to reaffirm their position that Seoul and Washington will have close consultations when Washington pursues talks with Pyongyang on repatriation of the remains of American servicemen missing in action during the 1950-1953 Korean war, the North's suspected missile technology transfer and Washington's continued easing of economic sanctions against Pyongyang.

ROK Editorials on Foreign Minister's Visit to U.S., N-S Dialogue

SK2803153296

[FBIS Report] The following is a compilation of editorials published in ROK vernacular newspapers on 28 March concerning ROK Foreign Minister Kong No-myong's U.S. visit and inter-Korean dialogue.

The left-leaning HANGYORE SINMUN carries on page 3 an 800-word editorial titled "We Should Actively Suggest South-North Dialogue." The editorial notes that the government "seems to believe" that the successful holding of North Korea-U.S. negotiations on the North Korean missile issue, negotiations which are likely to be held in April, "will help resolve inter-Korean issues," and suggests that a chance for the resumption of inter-Korean dialogue "may be provided by the new negotiation channel between North Korea and the United States."

Pointing to the ROK's "humiliating" request that the United States link U.S.-North Korea negotiations to inter-Korean dialogue, which originates from the ROK's policy of coping with North Korea's attempt to increase contacts with the United States while at the same time isolating the ROK, the editorial stresses that "the ROK's policy has only aggravated inter-Korean relations." The editorial notes the government's "inactive attitude toward inter-Korean dialogue and support for North Korea" taking the upcoming elections into consideration, as well as its conclusion that North Korea will voluntarily seek ways for dialogue with the South to break through the economic deadlock. The editorial then criticizes this attitude as one "far from the intention of sharing fellow countrymen's sufferings" and urges the government to "actively suggest" inter- Korean dialogue. The editorial also urges North Korea to be aware of "the unreality of improving its relations with the United States without dialogue with South Korea."

The moderate CHUNGANG ILBO carries on page 6 a 700-word editorial titled "ROK-U.S. Diplomatic Cooperation Has Become Even More Important." The editorial begins by stressing that the recent ROK- U.S. foreign ministerial talks in Washington "have awakened us to the importance of diplomatic cooperation between the two countries."

The editorial notes that the ROK has differed from the United States on some international issues, including North Korean issues. Saying that "it is natural for the two sides to have different opinions, according to their respective national interests," the editorial stresses: "However, it is not desirable that the sides fail to narrow their differences of opinion, fail to understand each other, and even appear to have conflicts rather than cooperation." While acknowledging the ROK's "difficult diplomatic position influenced by the four neighboring powers," which "does not allow it to agree to every policy of the United States," the editorial stresses that "relations with the United States are most important to the ROK under the current situation" and emphasizes the need to maintain "close and active cooperation" with the United States, in view of the historical ROK-U.S. relations, the presence of U.S. troops in the ROK, and the expected influence of North Korea-U.S. contacts.

The moderate MUNHWA ILBO carries on page 7 a 700-word editorial titled "We Expect Improvement in Inter-Korean Relations." The editorial welcomes Foreign Minister Kong No-myong's indication of measures for improving inter-Korean relations, as well as welcoming the report on North Korea's suggestion of South and North Korean prime minister-level talks. While stressing that "we must be prudent in grasping North Korea's hidden intentions behind the suggestion and in making a decision on this," the editorial asks the government to first have an "enterprising [chinchwijok] approach and attitude." The editorial also expresses the hope that "the measures indicated by Minister Kong are not only for appearance's sake, but are something practical and specific that can actually help improve South-North relations."

Noting the ROK Government's "flexible attitude" that it will not link North Korea-U.S. missile negotiations to inter-Korean relations, the editorial expects that the U.S. measures for lifting additional sanctions against North Korea and the ROK's assistance to North Korea, as well as inter-Korean economic cooperation, "may be actively promoted when North Korea changes its attitude." The editorial concludes by asking both South and North Korea to improve their relations, a long-awaited development.

ROK: DPRK Warns of Heightened Tensions Along DMZ

SK2903085696 Seoul YONHAP in English 0734 GMT 29 Mar 96

["North Korea Warns of Heightened Tensions Along DMZ" — YONHAP headline]

[FBIS Transcribed Text] Seoul, March 29 (YONHAP) — North Korea warned Friday that tensions along the Demilitarized Zone (DMZ) separating South Korea from the isolated communist nation could be heightened.

Vice Armed Forces Minister Kim Kwang-chin, in an unusual broadcast by Radio Pyongyang, said that "The People's Army cannot help taking appropriate measures" against the intensive military maneuvers conducted on the southern side of the DMZ as if "it were on the eve of a war," according to the National Unification Ministry [MNU].

Referring to South Korea's annual joint air-ground military exercise, called "Hoguk '96," Kim warned that the North Korean Army's measures could include coping with the situation in such a way that the DMZ can no longer be maintained as a truce line.

South Korea intensified the Hoguk '96 exercises, while declaring that inter-Korean issues "can only be solved by force," the North Korean defense official was quoted as saying.

Claiming the mission of "the People's Army" is not limited to defending the nation from aggressors, he stressed that if the South Koreans "touched even an inch of ground or a small plant of our fatherland, (the People's Army) would pulverize them in a strong defensive counterattack."

A National Unification Ministry official said that Pyongyang's warning of heightened tensions along the DMZ must have been intended to help push its call for a temporary peace pact with the United States.

ROK: DPRK's Proposal on Resuming N-S Rice Talks Analyzed

SK2903094196 Seoul CHOSON ILBO in Korean 29 Mar 96 p 4

[Article by reporter Ku Song-chae]

[FBIS Translated Text] North Korea recently proposed resuming contacts in Beijing to our government. Confirming its stance, however, our government rejected the proposal. Our government's precondition for South-North [S-N] dialogue is that it should be held on the Korean peninsula between the authorities of the North and the South.

North Korea's acceptance of our government's conditions appears unlikely. Some people find meaning, however, in the fact that the North and the South are now communicating on their respective stances on resuming dialogue, amidst the current tense situation that is developing between the North and the South.

This time, North Korea is attempting to revive the Beijing rice negotiations approach. The China branch office of Korea Samcholli General Corporation under the External Economic Committee of North Korea sent a fax to the Beijing branch office of the Korea Trade and Investment Promotion Agency of the ROK. It was learned that the originator of the fax was Chon Kum-chol, who was the chief North Korean delegate to the last round of rice talks in Beijing. With North Korea defining the rice talks as being nongovernmental in nature, and the ROK defining them as being partly governmental to suit each's needs, the nature of the Beijing rice talks were skewed from the outset. While North Korea hopes to resume the rice talks as before, our side insists that the rice talks in Beijing will no longer be acceptable as normal channels for dialogue.

While the true intentions behind North Korea's proposal are unclear, North Korea has been known to make such proposals each time the ROK faced political turmoil, such as general elections, in order to rattle our side. That is why many people are having difficulty believing in the innocence of North Korea's overture.

North Korea appears to have felt the need to pay special attention to North-South relations in order to improve relations with the United States and Japan. While North Korean strategy seeks to improve relations with the United States and Japan in order to break from the present crisis in its system, both the United States and Japan are insisting that South-North relations must improve for relations with North Korea to improve. Thus, North Korea may be attempting to untie this knot by going through the motions for holding inter-Korean dialogue.

On the other hand, North Korea's proposal may also be viewed as an indication that North Korea is slowly coming to realize that "South Korea is the only country it can rely on." With the advent of the lean spring season, North Korea's food crisis situation is such that there is dire need for rice aid.

Despite this proposal for holding North-South dialogue, however, North Korea still continues to slander South Korea. On 28 March, Pyongyang radio bitterly denounced our government, and claimed that "institutional mechanisms and physical barriers must be removed in order to have North-South dialogue."

With the above factors in mind, our government has placed the ball back in North Korea's court by reiterating its two conditions for dialogue: holding talks between authorities of the North and the South on the Korean peninsula and ceasing the slander and vilification against South Korea.

North Korea's acceptance of our conditions may be difficult, but considering the lack of success North Korea has had in its strategy of doing away with South Korea, and the likelihood of its food situation becoming more acute, one may venture to predict that North Korea may change its tactics toward South Korea to include limited participation by North Korea's leadership.

ROK: DPRK Starts Full-Fledged Lobbying of U.S. Congressmen

SK2903075896 Seoul CHUNGANG ILBO in Korean 29 Mar 96 p 1

[By correspondent Chin Chang-uk]

[FBIS Translated Text] Recently, North Korea has started full-fledged lobbying with U.S. congressmen in Washington through its UN mission.

A North Korean source in Washington revealed to a CHUNGANG ILBO reporter on 28 March, that a high-ranking figure of the North Korean Mission to the United Nations recently met with a U.S. congressman and requested that North Korea be eliminated from the list of hostile countries in its trade regulation law and that deputies of the Supreme People's Assembly be invited to the United States.

ROK: DPRK Asks ROK Religious, Civilian Organizations for Cash

SK2903050396 Seoul TONG-A ILBO in Korean 29 Mar 96 p 2

[FBIS Translated Text] It has been learned that North Korea has called on ROK religious and civilian organizations to donate cash for flood victims in North Korea. A high-ranking government official said: "During this year's contacts with ROK figures, North Korea secretly asked for cash aid on six or seven occassions." He added that Hwang Si-chon, director of the International Department of the Korea Christians League, made a plea for cash aid to our religious leaders during "the Conference for Peace and Alliance in Northeast Asia" which was held in Macao last January.

ROK: DPRK Vice Minister: North Prepared To Take Military Action

SK2903034596 Seoul KBS-1 Radio Network in Korean 0300 GMT 29 Mar 96

[FBIS Translated Text] Through a statement, Kim Kwang-chin, first vice minister of North Korea's People's Armed Forces, has said that the issue on the Korean peninsula is not whether a war breaks out or not but when it will be unleashed, and expressed that North Korea is prepared to take military action.

According to NAEWOE PRESS, Kim Kwang-chin, first vice minister of North Korea's People's Armed Forces, issued a statement today over the Pyongyang Central Broadcasting Network and asserted that there is a limit to the dialogue method under the present circumstances in which North Korea's proposal for a peace mechanism has been turned down. He threatened that the People's Army cannot but seek a due countermeasure and that it will include a step regarding the situation of the Military Demarcation Line of the DMZ whose status cannot be kept.

ROK: DPRK Nuclear Scientists Study at Russian Atomic Institute

SK2803150796 Seoul KBS-1 Television Network in Korean 1238 GMT 28 Mar 96

[Report by reporter Ko Tae-yong concerning the stationing of 10 DPRK nuclear scientists at the Joint Atomic Energy Research Institute in Russia's Dubna City — recorded]

[FBIS Translated Text] [Anchorman Yu Kun-chan, reporting from studio] Our KBS correspondent has confirmed that despite its continuing economic difficulties, North Korea is busy developing its own nuclear technology. It has also sent approximately 10 nuclear scientists to a Russian atomic energy research institute for training by paying over $100,000 a year. Moscow correspondent Ko Tae-yong reports:

[Ko Tae-yong] This is Dubna, a Russian city of atomic energy. During the years of Soviet rule, no outsider could enter this cradle of Russian nuclear energy research. The Joint Atomic Energy Research Institute, which marks the 40th anniversary of its founding this year, is an institute closely related to North Korea's nuclear development. A total of approximately 230 North Korean nuclear physicists have been trained here since the seventies. These scientists played a leading role in building nuclear facilities in Yongbyon. For this reason, North Korea and Russia are trying to maintain close relations in the field of atomic energy despite the worsened bilateral relations. [video shows the inside of the Atomic Energy Research Institute, including a nuclear particle accelerator]

[Kim Hui-mun, deputy director of North Korea's General Department of Atomic Energy] I sincerely hope that the Atomic Energy Research Institute will bring about greater achievements in scientific research and further strengthen and develop into a world-class scientific research center. [video shows Kim delivering a speech to a meeting marking the 40th anniversary of the founding of the Russian institute]

[Ko] Even though it is faced with the worst economic difficulties, North Korea pays over $100,000 a year for research in the Russian institute and is still stationing approximately 10 researchers at this institute on a permanent basis. [video shows the inside of the institute, including computers and technical drawings]

The director of the Energy Research Office of the institute has said that North Korean scientists are more interested in applied technical areas — such as research in superconductors using particle accelerators and the operation of atomic reactors — than in theories.

North Korean scientists were extremely reluctant to meet ROK correspondents and gave stereotypical answers to questions concerning the North Korean nuclear program.

[Choe Hyon-taek, counselor of the North Korean Embassy to Russia] I have not [words indistinct].

[Unidentified North Korean official] Are you talking about the Korean Peninsula Energy Development Organization [KEDO]? That is what we and KEDO handle directly [as heard]. It is the KEDO that selects the contractor. [video shows two North Korean officials being interviewed in front of a building]

[Ko] Regardless of the light-water reactor negotiations, North Korean scientists are diligently developing their own technology in this center.

ROK: KEDO, DPRK To Open Negotiations on Reactor Supply Protocol

SK2903004196 Seoul YONHAP in English 0035 GMT 29 Mar 96

[FBIS Transcribed Text] New York, March 28 (YONHAP) — The Korean Peninsula Energy Development Organization (KEDO) and North Korea will open negotiations on a protocol for the light-water reactor supply agreement in New York on April 8, a KEDO official said Thursday.

A five-member North Korean delegation is scheduled to arrive here for the talks April 6, and the agenda will include privileges, immunities and consular protection for KEDO staff, according to the official.

"The Pyongyang delegation will include two female experts on America from the Foreign Ministry — Yu in her 40s and Choe in her 30s," the official who declined to be identified said.

It is the first time that women will be part of a North Korean delegation negotiating the light-water nuclear reactor issue with KEDO.

Further protocol negotiations regarding communication guarantees and traffic are slated for April 16 in New York, and a seven-member North Korean delegation will take part, the official said.

To facilitate the protocol negotiations, a draft protocol on privileges, immunities and consular protection for KEDO staff as well as views on the draft have been exchanged through fax between KEDO and North Korea, the source added.

Under the light-water reactor supply agreement concluded in December, the two parties are to work out a protocol covering 11 areas. They include privileges, immunities and consular protection for KEDO staff, guaranteeing communication and traffic, reimbursement terms, reactor delivery schedule, compensation for nuclear accidents, and sanctions for violations of the agreement.

ROK, Japan Officials To Meet 30 Mar To Discuss Foreign Aid

SK2903093896 Seoul YONHAP in English 0655 GMT 29 Mar 96

[FBIS Transcribed Text] Seoul, March 29 (YONHAP) — South Korean and Japanese officials are going to meet in Seoul Saturday to exchange information about foreign aid programs, a Foreign Ministry spokesman said Friday.

The meeting, the third of its kind, will focus on the new United Nations and the Organization for Economic Cooperation and Development aid strategies, rehabilitation projects for regions torn by conflict and ways of strengthening bilateral cooperation among members of the the Asia Pacific Economic Cooperation and the Asia Europe meeting forums, the spokesman said.

Director General Chu Chol-ki of the Ministry's International Economic Affairs Bureau will lead the South Korean delegation that will consist of officials from the Foreign Ministry and the Korea International Cooperation Agency.

Chu's Japanese counterpart will be Director General Atsushi Hatakenaka, who is in charge of International Economic Affairs at the Japanese Foreign Ministry.

ROK President Meets With Visiting UN Secretary General

SK2903045396 Seoul YONHAP in English 0443 GMT 29 Mar 96

[FBIS Transcribed Text] Seoul, March 28 (YONHAP) — President Kim Yong-sam met with visiting United Nations Secretary General Boutros Boutros-Ghali at Chongwadae Friday and exchanged views on international and Korean issues.

Kim said during the meeting that South Korea will faithfully implement its duties as a member of the UN Security Council and will actively participate in the world body's peacekeeping activities.

Asserting that the international community's common efforts are needed to lead North Korea to the road of reform and openness, Kim asked Ghali that the United Nations play a more positive role for that purpose.

"Stability on the Korean peninsula and in East Asia is a very important issue for world peace and the common prosperity of mankind," Kim asked Ghali to show continued interest in and give support for the peace and national unification of the Korean peninsula.

ROK President Apologizes for Graft Case Involving Aide

SK2903032796 Seoul YONHAP in English 0249 GMT 29 Mar 96

[FBIS Transcribed Text] Seoul, March 29 (YONHAP) — President Kim Yong-sam has apologized to the nation for the graft case involving his personal aide, Chang Hak-no.

He made the apology at a meeting with his senior secretaries he himself chaired Friday morning, Chongwadae [presidential offices] spokesman Yun Yo-chun said.

Chang, a senior secretary in charge of domestic affairs at the presidential mansion, recently resigned from office after the opposition National Congress for New Politics made public his illicit amassing of a fortune. He was later arrested on charges of accepting bribes from businesses.

Referring to Chang's suspected acts of accepting bribes, the president said, "I feel very sorry to the people for his shameless misconduct in spite of his responsibility as a member of the Chongwadae staff to set an example for the people in fighting corruption and irregularities."

"Because corruption and irregularities ruin the nation to its foundation, I put top policy priority on an anti-corruption drive when I took office," he was further quoted as saying.

Kim urged all Chongwadae staff to become exemplary civil servants by fighting any temptation of corruption.

ROK Foreign Minister Indicates Possible Shift in DPRK Policy

SK2903015996 Seoul YONHAP in English 0151 GMT 29 Mar 96

[FBIS Transcribed Text] Washington, March 28 (YONHAP) — The South Korean Government is contemplating taking "forward-looking" steps toward North Korea to improve the inter-Korean relations in the wake of the April 11 general elections.

The possibility of a shift in Seoul's North Korea policy was indicated by Foreign Minister Kong No-myong during a meeting with the press Wednesday.

"Shouldn't we prepare a changeover in North Korea policy to play a leading role in the inter-Korean relationship?" Kong asked.

After the April parliamentary elections, he predicted, a new situation is possible, one in which North Korea and the United States will hold talks about such issues as Pyongyang's missile exports, repatriation of remains of American soldiers, opening liaison offices, and the light-water nuclear reactor project.

Kong predicted that there is also the possibility that Japan and North Korea resume negotiations to establish diplomatic relations.

ROK: Companies Form Consortium To Bid for PCS License

SK2903031896 Seoul THE KOREA TIMES in English 29 Mar 96 p 8

[FBIS Transcribed Text] The Hansol Group and Dacom Corp. have formed a consortium to bid for the personal communication service (PCS) license in the non-telecom manufacturing division. Kumho and Hyosong have also formed a consortium to compete in the PCS license race.

In a joint press conference, Hansol and Dacom said that the former will hold 25 percent of the shares of the joint venture and the latter 5 percent in accordance with the law.

Chong Yong-mun, president of Hansol's cable and computer business group, said that an additional 10 percent share will be given to Dacom when laws and regulations lift the equity ceiling on the company. "In view of the technology and operational experience it has accumulated through on-going programs in data service, and international and long-distance call services, Dacom is worthy of having the ceiling lifted," Chong stated.

If awarded the license, Dacom would also be entitled to service the metropolitan area north of the Han River, Kyongsang-namdo and Pusan.

Thirty percent of board directors will be recruited out of the two firms to enhance the transparency and morality of the management and the new PCS firm will be managed by experts in information and telecom circles for efficient management, Chong said.

In a separate press conference, Kumho and Hyosong announced an equal consortium in both shares and business operation for the PCS project.

According to Pak Chae-ha, president of Kumho Telecom, Kumho and Hyosong will take 18 percent equity of the new firm, 30 percent will be given to small and medium-sized companies, and the remainder will be given taken by the partners of the two groups.

Kumho and Hyosong will alternate control of the presidency of the new firm every two years.

ROK: MBC Files Complaint With Prosecution Against Labor Union

SK2903023896 Seoul YONHAP in English 0122 GMT 29 Mar 96

[FBIS Transcribed Text] Seoul, March 29 (YONHAP) — Munhwa Broadcasting Corp. (MBC) filed a complaint with the prosecution against the 18 emergency committee members of its trade union on Thursday, arguing that they led an illegal strike to interfere with the normal operations of the company.

The radio and broadcasting company said in the written complaint that the committee members led by chairman Choe Mun-sun led the illegal strike in the lobby of the company building which began 5:00 AM March 14 to protest the reappointment of MBC president Kang Song-ku.

"According to the labor law, that is not what a labor union can exercise its right of collective industrial action about," MBC said.

About 873 members of MBC's trade union walked off the job early in the morning March 14 and the strike has continued for two weeks. The strikers are demanding that the network's board of directors rescind the reelection of MBC president Kang Song-ku.

The union has accused Kang of using his influence as MBC chief to broadcast news reports that are biased in favor of President Kim Yong-sam and the ruling party.

ROK To Open Second Phase of Reinsurance Market Program

SK2903053696 Seoul THE KOREA TIMES in English 29 Mar 96 p 9

[FBIS Transcribed Text] Seoul will be opening more than 60 percent of the reinsurance market under the second of its three-phased program-next month.

The Ministry of Finance and Economy (MOFE) yesterday unveiled plans to scrap its rule asking domestic non-life insurance companies to sign reinsurance contracts first with the nation's only reinsurance firm Korea Reinsurance Company [KRC] before contacting foreign reinsurers next month.

Next month, local non-life insurance companies will be free to sign reinsurance contracts on hull, long-term non-life, accident, cargo, surety, workers' compensation and automobile policies with either the KRC or foreign reinsurance companies.

In April, 1993, the reinsurance market on property and aviation policies was open to foreign competition. In April, 1997, the government will completely open the reinsurance market. Next year, reinsurance policies on fire and other related policies will be open to foreign competition, the ministry said.

The major victim of the reinsurance market-opening is the Korea Reinsurance Company, which had long monopolized the local market. Through this, KRC controlled pricing and volume of domestic reinsurance policies.

It must now compete with foreign competitors to provide the best terms and pricing to domestic non-life insurance companies, MOFE officials said.

The domestic reinsurance market was scaled at 871 billion won in fiscal year 1994 ending March last year, out of which the Korea Reinsurance Company accounted for 59.6 percent, with the remaining 41.4 percent captured by foreign competitors.

ROK: Kim Un-sang Named New President of KOTRA

SK2803211496 Seoul YONHAP in English 1152 GMT 28 Mar 96

[FBIS Transcribed Text] Seoul, March 28 (YONHAP) — The government reported Thursday it has designated Kim Un-sang, permanent vice chairman of the Korea Foreign Traders Association, as new president of the Korea Trade-Investment Promotion Agency (KOTRA).

Kim is to succeed as KOTRA head Pak Yong-to whose term of office expires on Sunday.

The government also said Chang Sok-chong, president of the Korea Petroleum Development Corp.; Cho Chong-ik, president of the Korea Mining Promotion Corp.; and Kim Tae-chun, president of the Korea Export Insurance Corp., whose office term would expire on Sunday as well, were allowed to remain at their duties for another term.

ROK: Chang Hak-no's Common-Law Brother-in-Law Arrested

SK2803211296 Seoul YONHAP in English 1051 GMT 28 Mar 96

[FBIS Transcribed Text] Seoul, March 28 (YONHAP) — The Seoul prosecution, probing the case of unlawful fortune making by Chang Hak-no, a former presidential aide, on Thursday arrested the brother of Ms. Kim Mi-cha, Chang's live-in girl friend, for employing illegal means in acquiring farmlands near Yangpyong, Kyonggi Province.

Kim Mi-cha, also, was booked for collaborating with her brother, Kim Ui-yong, in the unlawful real estate purchase.

A prosecution source said Kim Ui-yong bought 4,000-pyong forest and farm lands near Samum-ri, Yangpyong under a villager's name in February 1994 as the land by law couldn't be purchased by any one other than nearby villagers.

He also "moved" his residence on paper only in January 1994 to make him "qualified" to buy 2,500 pyong of rice paddies near Myongsong-ri, Yangpyong at 180 million won, the source said.

In another illegal act, he unlawfully had his sister, Kim Mi-cha, register under his name the 900-pyong rice paddies she bought at Songdok-ri, Yangpyong at 270 million won.

As to the funds that financed the purchase of these real estates, the source said Chang conceded that the 270 million won used in buying Songdok-ri rice paddies was his money but insisted that the remaining 230 million won belonged to his live-in woman and her brothers.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Abdullah Welcomes U.S. Envoy's Remarks on EAEC

BK2903073396 Kuala Lumpur THE STAR in English 29 Mar 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur: Malaysia views positively the statement by a United States diplomat that the East Asia Economic Caucus (EAEC) is not "an irritant" to its bilateral ties with the country.

Foreign Minister Datuk Abdullah Ahmad Badawi said he would talk to U.S. Ambassador John Malott about his statement.

"Maybe he has been given a certain directive to speak on the matter," said Abdullah.

Malott was reported to have said that he did not see why the EAEC should become an issue between the two countries as it is up to the people to decide what kind of organisation they want.

Malaysia: Abdullah Downplays U.S. Participation in Forums

BK2903091396 Kuala Lumpur Voice of Malaysia in English 0800 GMT 29 Mar 96

[FBIS Transcribed Text] Malaysia feels that the participation of the United States is not essential to the formation or success of any forum that is beneficial to this region.

The foreign minister, Datuk Abdullah Ahmad Badawi, told Parliament in Kuala Lumpur, in fact, Malaysia felt that even without the U.S. participation, such forums could run smoothly.

He said it was common for the U.S. to be suspicious or doubtful of any forum that was established like the Asia-Europe Meeting, ASEM, if it was invited to join the forum.

ASEM, which comprises 25 countries — 10 from Asia and 15 from Europe, had its inaugural meeting in Bangkok, Thailand on 1-2 March.

Datuk Abdullah said the U.S. could feel uneasy every time there was a conference or forum which did not involve that country.

Malaysia: UMNO Reports DPRK Supports East Asian Economic Caucus

BK2903075296 Kuala Lumpur THE STAR in English 29 Mar 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur: North Korea supports the formation of the East Asian Economic Caucus (EAEC) as an important vehicle for regional co-operation.

Speaking to reporters after meeting North Korea's Workers Party delegation here yesterday, UMNO [United Malays National Organization] Youth deputy chief Datuk Nazri Aziz said they understood the purpose of the Malaysian-proposed caucus.

"This is part of UMNO Youth's efforts to inculcate the awareness on the importance of forming EAEC among East Asian countries," he said.

The North Korean ruling party's three-member delegation was led by its central committee director for International Department, Hyon Jun-guk [name as received].

Nazri said the North Koreans had always supported Malaysia on many international issues, particularly stands taken by Prime Minister Datuk Sri Dr Mahathir Mohamed.

Nazri said the delegation also explained the situation in the country after the recent flash floods, which was contrary to what the Western media had portrayed.

Malaysia: Deputy Premier Receives Croatian Foreign Minister

BK2903074596 Kuala Lumpur THE STAR in English 29 Mar 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur: Croatia has expressed interest in participating in Malaysian projects including the Bakun dam and the construction of a coastal highway.

It has offered to supply transformers and generator equipment for the Bakun project.

The offer was made during a meeting between Deputy Prime Minister Datuk Sri Anwar Ibrahim and Croatian Foreign Minister Mate Granic here yesterday [28 March].

Finance Ministry secretary-general Tan Sri Clifford Herbert told reporters Anwar had informed Granic that Malaysia would look into the matter.

Malaysia will also study the possibility of importing pharmaceutical and industrial products from Croatia.

Granic told a press conference later that several economic agreements would be signed during Prime Minister Datuk Sri Mahathir Mohamed's scheduled visit to Croatia in April.

He said the initial agreements would be on avoidance of double taxation and abolishment of visas.

Other agreements to follow would deal with technical, cultural and tourism co-operation, he said.

Malaysia: Mahathir Predicts Drop in Current Account Deficit

96SE0047B Kuala Lumpur BERITA HARIAN in Malay 7 Feb 96 p 1

[FBIS Translated Excerpt] Kuala Lumpur, 6 Feb—The government has identified 100 approaches and actions to reduce imports and expand exports for the sake of resolving the current account deficit problem.

Because of the approaches and actions that have been initiated, Datuk Seri Dr. Mahathir Mohamed is confident that the deficit in the country's current account will steadily decline.

The prime minister said the steps include actions by the government and the main private companies to expand exports and reduce imports.

"The balance of payments is an export and import issue. If exports are increased and imports are reduced, the deficit will decline.

"I am quite sure about this matter. The deficit will decrease because of the steps and approaches we take," he told reporters after inaugurating excavation for the LRT [expansion unknown] System 2 tunnel today.

He reiterated his view that the best way to resolve the problem is to expand exports rather than to slow economic growth, as loudly expressed by foreign analysts.

Dr. Mahathir stressed that reducing economic growth alone will not reduce the deficit, because the balance of payments problem has nothing to do with economic growth.

Yesterday, Deputy Prime Minister Datuk Seri Anwar Ibrahim said that the 49.2-million-ringgit deficit in the national trade account in November 1995 was very much smaller than the 1.6 billion of the previous month.

The deputy prime minister, who is also minister of finance, said that this development proves that the country's current payment account deficit is not as bad as claimed by fund managers and economic research companies, especially from overseas.

Some analysts predict that the deficit in the balance of payments current account will exceed 20 [passage omitted]

Malaysia: Indonesia-Malaysia-Singapore Growth Triangle Expanded

96SE0047A Kuala Lumpur BERITA HARIAN in Malay 15 Feb 96 p 9

[FBIS Translated Text] Johor Bahru, 14 Feb—Cooperation in the Indonesia-Malaysia-Singapore Growth Triangle (IMS-GT) in the southern part of this country is now being expanded to include Melaka, Negeri Sembilan, West Sumatera, and South Sumatera.

The inclusion of these new areas can create more dynamic cooperation, particularly in the southern section of the Peninsula, which is part of the region of rapid economic growth.

Chief Minister Abdul Ghani Othman said the goal of this new cooperation is to expand economic growth in a more effective way, particularly through the extensive market opportunity in this region.

"Previously, cooperation encompassed business in the Singapore-Johor-Riau (SIJORI) triangle alone," he told reporters today following a meeting of the state's Executive Council (EXCO).

Abdul Ghani said the state government agrees with the Central Government's recommendation that cooperation under the IMS-GT be expanded to include Melaka and Negeri Sembilan.

"Those two states have potential and resources that can be used in cooperation with the other two ASEAN countries, as circumstances and conditions permit.

"In addition, Indonesia has recommended that South and West Sumatera be included in the cooperation triangle," he said.

He said the new cooperation can produce economic and business expansion and various other benefits in the long-term.

"Besides Johor, the states of Melaka and Negeri Sembilan also have close ties with South and West Sumatera, such as through ferry and shipping services. This step can also expand the tourism and cultural sectors of the areas involved," he said.

In this regard, Abdul Ghani said the Johor Government has sent investment missions to several strategic economic areas in Sumatera. These include a small-industry mission from the State Economic Development Corporation (SEDC) of Johor and one in connection with opening a hospital in Padang.

In addition, he said, the Johor Government will conduct official visits to West Sumatera and Padang from 4 to 7 March to discuss several matters at the IMS-GT level.

Malaysia: Anwar Ibrahim Says Antidrug Efforts Ineffective

96SE0045B Kuala Lumpur BERITA HARIAN in Malay 12 Feb 96 p 2

[FBIS Translated Text] Bukit Mertajam, 11 Feb—All the government's efforts in fighting the drug threat have been ineffective in spite of the large sums of money spent on them, said Deputy Prime Minister Datuk Seri Anwar Ibrahim.

He agreed with a statement made by Deputy Minister of Home Affairs Datuk Megat Junid Megat Ayob that Malaysia has failed to eliminate drugs, but Anwar said it (the war on drugs) is not easy.

Anwar said that this failure has caused the cabinet to decide to put special focus on rehabilitation and on elimination of drug addiction, which affects everyone.

"The government has spent much money to eliminate drug activities, but all its efforts have been found ineffective.

"In that regard, the cabinet decided in its meeting of last Wednesday [7 February] to form the National Drug Council, under the leadership of Prime Minister Datuk Seri Dr. Mahathir Mohamed, who is also minister of home affairs, to make an all-out effort against the drug problem in Malaysia.

"The cabinet agreed that a top-level committee headed by Dr. Mahathir himself should be formed to seek a remedy for this disease," he told reporters today after presenting holiday aid to 447 poor people, orphans, and handicapped children at Perda Hall, Guar Perahu, near here.

He said the committee will study all issues related to the drug elimination effort, current rehabilitation policy, and supervision of former addicts released from rehabilitation centers.

Pulau Pinang Deputy Governor Datuk Mohd. Shariff was also present at the meeting.

Anwar said the above when asked to comment on Megat Junid's statement last Friday [9 February] that all the efforts of the government and volunteer groups, including PEMADAM [Malaysian Association for Prevention of Drug Abuse], to eradicate drugs have failed.

Megat Junid was also reported to have expressed his feeling of shame that after 10 years as deputy minister of home affairs and eight years as president of PEMADAM the problem has not been controlled.

Malaysia now has more than 200,000 drug addicts, and 80,000 of them are hardened addicts.

Anwar said there is no easy way to eliminate the drug problem, but he said he felt the fight against it must continue.

"The Antidrug Task Force of the Prime Minister's Department has submitted new recommendations to the government, including a recommendation for construction of new treatment centers and new rehabilitation centers for the rehabilitation and care of drug addicts and former addicts.

"We (the Ministry of Finance) have made this a priority project and will speed up the construction of the new treatment centers so that all drug addicts can be accommodated," he said.

He said the government needs to continue useful programs, such as Young Friends, to teach Malaysian young people to avoid drugs.

Cambodia

Cambodia: Khmer Rouge Denies Kidnapping British Deminer

BK2903024496 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 28 Mar 96

[Statement issued by the National Army of Democratic Kampuchea; place and date not given]

[FBIS Translated Text] 1. For over two days, a number of radios of an alliance have broadcast that a group of gunmen had seized Cambodian deminers and a foreigner chief of the demining team in the Angkor temple area. The radios have hinted that the gunmen were Khmer Rouge forces.

2. The National Army of Democratic Kampuchea [NADK] totally and categorically rejects that accusation. The NADK has carried out no activity in the Angkor temple area at all.

3. Democratic Kampuchea, which ardently loves the nation and people and which is highly esteemed by the Cambodia nation and people, has conducted a concrete struggle against all manner of enemies, specifically communist Vietnam, the communist Vietnamese puppets, UNTAC [UN Transitional Authority in Cambodia], the alliance, and the two heads, who have, for 17 years, fanned the flames of war to do away with the Cambodian nation and people.

The NADK loves the nation and people and has fought all kinds of enemies near and far, to liberate the nation and people and defend the Cambodian race.

As for communist Vietnam, the communist Vietnamese puppets, UNTAC, the alliance, and the two heads, they are the top invading brigands, who have been fuelling war in Cambodia for over 17 years. They are war criminals and encroachers of the right to self-determination of the Cambodian nation and people. They are also the group that has trampled upon the rights, freedom, justice, human rights, and democracy. Their hands are tainted with the blood of countless numbers of Cambodians, both male and female, young and old. So far, millions have been killed, wounded, or disabled, with millions of others suffering from mental disorders and other diseases because of their war.

This is not the end. They have also sent nearly five million ethnic Vietnamese to swallow up Cambodia. They have seized hundreds of thousands of square kilometers of Cambodia's plains, seas, and islands. Millions of Cambodians have been displaced. They have lost their land, rice fields, orchards, estate, and cattle. They lead a life of wretchedness and homelessness, and become beggars picking up very dirty leftovers in cities to fill up their stomachs so that they do not starve to death.

They are the top brigands, who sell everything, including land, state buildings, forests, and the assets and resources of the nation and people. They have dug up and robbed small and large carved stones and statues from temples everywhere, especially from the Angkor temple, and have sold them abroad. They use heavy duty cranes and rob in broad daylight. The ordinary people call them the statue-head robbers.

At present, the communist Vietnamese, the communist Vietnamese puppets, the two heads, and the alliance claim that they were searching for or clearing mines, etc. In fact, they came to lay mines to prevent the infiltration of resistance forces. In the Angkor temple area especially, they have planted mines and dug up priceless carved stones and sold them abroad. The people call them bandits who rob in broad daylight, according to international law.

4. Cambodians everywhere who have heard of the fighting, shooting, or robbery in the Angkor temple or other areas abounding with temples, realize that these are the acts of those who steal or rob the beautiful stones, which are the heritage of our nation and people, to enrich themselves and their group.

Therefore, is the kidnapping at the Angkor temple true? Has it been invented to cover up the theft and robbery of the beautiful stones and statues of Angkor Toch and Angkor Thom? Or was it the result of rivalry among robber gangs who have been fighting or shooting at one another for the stones and statues worth millions of dollars?

Khan Savoeun [deputy chief of the Khmer Royal Armed Forces General Staff], who is the chieftain of the band of thieves and cattle robbers along the border, is also involved in ruining the temples for small and large stones that the people call statue heads for sale abroad.

People everywhere say the story might be fabricated. Anyway, if it is true, it is only in connection with the theft, robbery, or rivalry to grab the Angkor stones to sell to foreigners, and nothing else.

Those with long or short noses want to catch the band of robbers who are fighting each other, so they should go to the Angkor area.

The people say the veteran chieftain of the robbers who steal cattle and statue heads, Khan Savoeun, will reveal everything, if he is asked secretly about this incident.

Cambodia: Ranariddh Denies National Political Crisis

BK2903030596 Phnom Penh National Radio of Cambodia Network in Cambodian 0200 GMT 29 Mar 96

[FBIS Translated Text] During his current visit to Hong Kong, First Prime Minister Prince Krompreah Norodom Ranariddh denied that there was a political crisis in the Kingdom of Cambodia. He said he was confident that the coalition government would prosper until the elections in 1998.

The prince stressed that if there were a political crisis in the Kingdom of Cambodia, he would not be able to visit Hong Kong.

Cambodia: Ranariddh Policy on Vietnamese Border Criticized

BK2903111296 Phnom Penh CHAKKRAVAL in Cambodian 22 Mar 96 pp 1, 4

[Column by Suthea Ros: "Ranariddh's Policy of Declaring War To End the Border Dispute Only Serves the Vietnamese!"]

[FBIS Translated Text] Prince Krompreah Norodom Ranariddh has resorted to a hostile policy. He is clamoring that we have our police and armed forces, and thus we are not afraid to liberate Cambodian territory. Cambodians in France and the United States have vehemently condemned the prince krompreah's statement as a policy that only serves Vietnam. They still remember that from 1975 to 1979, Pol Pot followed the same kind of policy. He declared war on Vietnam and launched an offensive to seize Cambodian territory in a number of border provinces, claiming that Vietnam had invaded and seized this Cambodian territory. Eventually, the Vietnamese invaded and seized even more Cambodian territory. They occupied all of Cambodia for nearly a decade.

Political observers are criticizing the prince krompreah, calling him an impudent warmonger who is following in the footsteps of the old Vietnam policy. Should war really break out, it will only benefit Vietnam and China. Why do they say this policy will only benefit Vietnam and China?

The people hate war so much. The Cambodian people have had enough of war over the past two decades. If the head of the Royal Government declares war on Vietnam, he would be leading his people toward death and hurting his government's prestige.

Taking advantage of this policy on border disputes, the opportunist groups led by Sam Rangsi and Son Sann have issued statements voicing support for the prince krompreah so as to gain popularity and flatter the prince. Although they know that Cambodia cannot win, they have tried to make the Royal Government declare war on Vietnam. The "two parties" have failed. The popularity they expected to gain has instead gone to the Khmer Rouge.

Outside the country, Vietnam is the one reaping the most benefit. If Cambodia really dared to launch an armed offensive, it would be a good opportunity for Vietnam to invade deeper inside Cambodia to collect more Cambodian resources and to urge investors in Cambodia to invest in Vietnam instead.

Western political observers have analyzed the situation in Cambodia. They say that if the prince krompreah makes a wrong step, it would be very dangerous for Cambodia but beneficial to China. Lately, China and Vietnam have pursued different policies. Vietnam has followed the United States by declaring its support for Taiwan's independence policy, which runs counter to China's wishes. Given this situation, China will certainly renew its support for the Khmer Rouge. While the Royal Government loses popularity, the Khmer Rouge will launch an assault to seize control of Cambodia, restore communism, and prevent Vietnam from pursuing liberalization. Therefore, Cambodia is the key to liberalization and communism in Vietnam.

It is lucky that the Vietnamese side, through Do Muoi's statement during his recent meeting with the prince krompreah in Laos, has agreed to negotiate a peaceful solution to the border dispute.

Cambodia: Government Offensive on Pailin Begins 26 Mar

BK2803130096 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 28 Mar 96 p 12

[Report by Peyatro]

[FBIS Translated Excerpt] Government forces, which include tanks, cannons, light and heavy weapons, and ground troops from 19 brigades and divisions, began an offensive toward the city of Pailin on 26 March.

A general posted on the northwestern battlefield, which is under the command of Army General Ke Kimyan and Police Gen. Hok Langdi, told REAKSMEI KAMPUCHEA in Battambang Town on 26 March that the Khmer Royal Armed Forces [KRAF] combatants, backed by several tanks and assorted artillery pieces, had already begun an offensive toward Pailin Town, their last target. The government forces, he added, would capture the town in two or three days after surrounding it within a 4-km radius for more than a week.

The general also said that bullets sprayed by BM-14 and BM-21 guns had demoralized the Khmer Rouge troops and forced them to run away toward the border areas in panic, where government ground forces were waiting to inflict a total defeat upon them. He added that some of the Khmer Rouge rebels were fleeing to the Thai border, while others were heading for Phnum Malai. They were facing great difficulties because the Thai Government and the Cambodian-Thai Border Committee has now implemented strict measures to prevent them from entering Thai territory, even though some could still sneak in. [passage omitted]

Indonesia

Indonesia: Suharto Urges People To Participate in Democratic Process

BK2903071896 Jakarta KOMPAS in English 29 Mar 96

[Unattributed report — received via Internet]

[FBIS Transcribed Excerpt] Jakarta, KOMPAS Online — President Suharto urged Indonesians to ensure next year's election becomes part of national political life and the democratic process.

The election must be taken seriously and cautiously, he said.

This doesn't mean that past elections were tense, said the President after receiving all the participants of the Governors Working Meeting at the National Palace in Jakarta on Thursday (28/3).

It's important all members of society utilize their political rights with awareness and conviction, with happiness and content.

This way we can enhance democracy.

Our political should become more mature which will become the primary key to a secure national life in the future, continued the President.

The President said members of parliament will play a prominent role in determining strategies and development targets in the 21st century.

Here, is it is important to stress, all regional heads as, chairmen of the regional electoral committee, have a crucial role.

I therefore ask you all to pay the utmost attention to the success of the election by interpreting, with order and precision, the spirit and content of the election legislation, he stated. [passage omitted]

Indonesia: PDI Head Defends Independent Poll Monitoring Committee

BK2903081296 Jakarta ANTARA in Indonesian 1938 GMT 28 Mar 96

[FBIS Translated Text] Palangkaraya, 28 Mar (ANTARA) — Megawati Sukarnoputri, general chairwoman of the Indonesian Democratic Party [PDI] Central Executive Council, says it is the Indonesian people's right to have an independent election monitoring committee for the 1997 general election.

"Of course, we all have a question. Why do the people want a committee called the Independent Election Monitoring Committee [KIPP] to help monitor the 1997 general election?" she said in reply to an ANTARA question in Palangkaraya on Thursday before proceeding to Banjarmasin.

Megawati and her delegation that includes five journalists from various printed media outlets in the capital arrived in the Central Kalimantan provincial capital on Wednesday to attend local ceremonies marking the 23d PDI anniversary.

"We clearly know that the law authorizes the National Election Monitoring Committee to monitor the general election. Nevertheless, the people's desire for the existance of the KIPP is normal," Sister Mega [as she is affectionately called] said.

She said it would be normal for the people to see how the quality of general election could be improved to defend the people's sovereignty.

When asked to comment on the refusal of governors to recognize the KIPP, Megawati said the matter [passage indistinct].

The PDI Central Executive Committee expresses its concern over the treatment the party has received.

"We are concerned over attempts to tear apart and weaken the party which is part of the Republic of Indonesia," she said.

"If we are unable to stage protests at home, we will do so abroad," the soft-spoken Megawati said.

Paper Urges Full Deregulation of State Companies

96SE0029B Jakarta KOMPAS in Indonesian 9 Feb 96 p 4

[Unsigned editorial: "President Suharto Asks BUMN's (state-owned businesses) To Be Active in Exports"]

[FBIS Translated Text] President Suharto has asked state-owned companies (BUMN's) operating exclusively in trade not to be active in importing alone but to be exporters, too. The president views them as having the experience to do that.

Minister of Industry and Trade Tunky Ariwibowo, who disclosed the president's request on Monday [5 February], said he will call on all trade BUMN's to consolidate, improve efficiency, and build international trade networks.

The chief of state's request appears to be part of an effort to keep expanding nonoil-and-gas exports, which now must become an all-out struggle. With every passing day, exports of wood products, textiles, textile products, and shoes, which make up more than half of Indonesia's nonoil-and-gas exports, are threatened by decline. Meanwhile, exports of other manufactured products are still relatively small and not easily expanded.

He considers the trade BUMN's, which used to be under the Department of Trade and numbered 10 companies as of 1991, able to do as he asked. Some of them have been in existence for a long time. They were initially established, not because they were formed by the Indonesian Government, but because they were Dutch companies nationalized in 1958.

Thus, it is natural that these trade BUMN's should be deemed experienced, at least because they have existed for almost 38 years. In the past, including the early years of the New Order government, the trade BUMN's were instruments of the government to supply, and stabilize supplies of, commodities considered vital, such as cement and steel for reinforcing concrete.

We do not know specifically what the performance of these trade BUMN's has been during these almost 38 years. A period of nearly 40 years is certainly enough opportunity to become "trading houses" or big businesses in the trade sector, so that the trade BUMN's could be called the Mitsubishi, Mitsui, Nissho Iwai, Sumitomo, and Marubeni of Indonesia. History has demonstrated that they were not able to take advantage of the opportunity, however.

In our opinion, the effort to make the trade BUMN's into trading companies, in both the import-export field and domestic trade, that are truly highly capable, professional, "bona fide," and respected will be a very big job. It will be like the case of an army that must defeat an enemy on the top of a hill (an "uphill battle").

If we talk with people in the (private) business community in Indonesia, we will hear that the BUMN's do not have the reputation and image as highly capable and professional trading companies. Their "bona fides" comes not from their business abilities but from the government guarantees that back them up.

The trade BUMN's have not been tested in open competition against private businesses (imports or domestic trade) under Indonesia's market economy mechanisms, let alone against competitors from other countries, as would be the case if the BUMN's were asked to export.

In the past, their success was in their roles as holders of marketing facilities and as exclusive importers. In the accomplishment of these things, the facilities and rights were often "subcontracted" to private companies. This method resulted in the loss of their opportunity to improve their abilities and professionalism and to develop the international trading networks referred to by Minister Tunky Ariwibowo.

For example, it was a trade BUMN that obtained export quotas for textiles. The BUMN did not use the quotas to develop its ability to buy finished clothing from producers and seek buyers overseas, thus building an international trade network for finished clothing. The quotas were sold to exporting producers, and exports were made in the name of the BUMN. Everything (including finding overseas buyers) was handed over to the exporting producer.

Why did the trade BUMN's do this? During nearly 40 years, why did the trade BUMN's not become giant trading companies? In my opinion, not all the blame can be put on the trade BUMN's.

There used to be a term, "keren," which meant "an agent of development." All BUMN's, as instruments of the government, performed duties as agents of development, which meant that as business companies they were permitted to suffer losses. Besides that, the hands of the BUMN's were tied so that they could not conduct business as freely as private businesses. The BUMN's could not do many of the things freely done by private businesses. Because there were too many things that BUMN's could not do, they could not act freely.

There is another thing: The BUMN's were also sources of funds for financing the departments over them. Officially, such things are now officially banned, but in practice it is difficult to eliminate the compulsion on BUMN's to finance various department needs. A recent big case about a department demonstrates this matter. Trade BUMN's under the control of the Department of Industry and Trade have not escaped this problem.

Thus, the trade BUMN's have never been able to prove their abilities to compete against competitors on the open market.

The government is going to deregulate its BUMN's. Such deregulation will have meaning if the compulsion to be agents of development and finance departments is eliminated. In other words, trade BUMN's will have liberties like those of private trading companies.

If that is done, it can be proved whether trade BUMN's are able to compete and be importers and exporters in the true sense.

Indonesia: Information Technology Services Growing

96SE0041C Jakarta BISNIS INDONESIA in Indonesian 24 Feb 96 p 6

[FBIS Translated Text] Jakarta (BISNIS)—The growth of information technology services in Indonesia will accelerate when the era of free trade begins, and they are expected to grow by about 25.7 percent this year.

A.M. Suseto, principal director of PT [Limited Company] Sisindosat, says that the information technology business has been growing at an average of 20 percent per year and that this year its growth is projected to be 25.7 percent. The finance and tourism industries are the biggest market segments for information technology this year.

"The information technology industry encourages acceleration of free trade, because to survive the business community must apply information technology in doing business," he told BISNIS last week.

According to Suseto, the establishment of the information technology industry in Indonesia was encouraged by the presence of multinational corporations. Subsequent development has shown that local companies are using the technology.

In the RAPBN [Draft National Budget] for REPELITA VI [Sixth Five-Year Development Plan], planned expenditures for information technology for all of Indonesia totaled 1.3 trillion rupiah. These funds were to be allocated primarily for the computerization of government agencies.

Government agencies now appear to be the main target market for information technology companies in Indonesia. Suseto confirmed this and said that the government budget for computerization is very large. For example, PT Pelindo II has established a joint venture with PT Sisindosat to provide communications services to customs authorities at ports.

Increased services and efficiencies by government agencies and state-owned companies are certain to provide big opportunities for information technology businesses, because information technology is the only way to resolve problems of rapid communication and the trimming of the bureaucracy.

Suseto acknowledged that competition among information technology companies is increasing, but the market itself is expanding in an encouraging way, as indicated by the results of recent research done by the magazines INFOKOM and IDC.

The INFOKOM and IDC survey showed that market prospects for information technology in 1996 in U.S. dollars are $409.76 million in the tourism sector and $269 million in the finance sector, followed by the energy, transportation, and telecommunications sectors at $95.2 million, $93.2 million, and $87.7 million, respectively. The military and other sectors follow with $52.2 million and $23.12 million, respectively.

According to Suseto, expansion of the information technology industry is also very much influenced by increased use of computers, primarily sales of personal computers. The potential for the use of personal computers in Indonesia is very great, but he did not give specific figures.

Indonesia: Attacks on NU Leader Called Ineffective

96SE0042A Jakarta KOMPAS in Indonesian 14 Feb 96 p 11

[FBIS Translated Text] Jakarta (KOMPAS)—Dr. Nurcholish Madjid said that actions by some people to attack the leadership of KH [Islamic scholar and pilgrim] Abdurrahman Wahid will not mean anything to members of the NU (Islamic Scholars League). Efforts against Gus Dur [Abdurrahman Wahid] will not have a weakening effect but will, in fact, make the NU stronger.

Cak Nur [Nurcholish Madjid] said this to reporters after making a speech to members of the Central Java ICMI (Indonesian Muslim Intellectuals Association) in Semarang Tuesday, 13 February.

Cak Nur, a prominent intellectual, predicted that by the year 2020 many NU cadres will hold important posts in the government and thus determine policy. "My prediction is that by 2020, NU cadres will hold many important government posts. Although they are now being attacked, they will in fact crystallize,'" he said.

That the NU Executive Council (PBNU) has not yet been received by President Suharto has caused concern, but, functionally, government ties with the NU are moving smoothly, from the Jakarta level down to branches.

Never Ceased

Meanwhile, PBNU Chairman Abdurrahman Wahid said that contacts between his organization and the government have never ceased. He said this Tuesday, 13 February, when he introduced a "white paper" entitled *Around the NU Congress at Cipasung* at the PBNU office on Kramat Raya Street.

"We do not see any significant problem, although the crisis trait' of the NU may make the government ask, Why is there never an end to crises in the NU?' For us, however, there is actually no problem. Steps taken by outsiders do not have influence on the PBNU," he said.

In this regard, Gus Dur called on NU members not to respond to this matter with a feeling of pessimism, because relations and cooperation between the government and the NU have always been good. "The NU continues to have a good reputation, and NU members remain united. This is the main thing, which should please us," Gus Dur said.

The 65-page "white paper", *Around the NU Congress at Cipasung*, published by the PBNU, contains authentic and accurate data on the 29th Congress at Cipasung. "This paper accurately explains the congress process to anyone who has doubts. It represents a valuable lesson on the tangible implementation of democratic values and adherence to basic principle," says the introduction, which is signed by General Chairman KH M. Ilyas Ruhiat, General Secretary KH Drs. M. Dawam Anwar, PBNU General Chairman KH Abdurrahman Wahid, and PBNU Secretary-General H. Ahmad Bagdja.

The thin book represents the substance of a master book containing all the processes and proceedings of the congress, along with original documents, including those submitted by Abu Hasan.

Delegate Sent

After discussing the book *The New Spirit of Nationalism*, authored by Siswono Yudohusodo, minister of transmigration and forest clearance settlements, at Airlangga University in Surabaya Monday night [12 February], Gus Dur said that an attempt to resolve the crisis in the NU organization has been made through the sending of a delegate to the Abu Hasan group. So far, there has been no response to this determined effort toward resolution.

Gus Dur said that if the government wants a settlement between himself and Abu Hasan, it must be guided by the results of the congress at Cipasung. "Thus, a settlement is not impossible," he said. Correcting reports in circulation, he said he had never recommended that Abu Hasan sit on the "mustasyar" or be a plenary member of the PBNU. "If, however, a mediator recommends that Abu Hasan join the directorate, he can sit on the mustasyar' or become a member of a plenary council formed by the managing directors of the PBNU," he said.

Avoid Opposition

Meanwhile, while breaking the fast with Islamic scholars from Central Java at his official residence Monday night, 12 February, Governor Soewardi asked NU members in Central Java to preserve unity and integrity within the community and within the NU. He declared that he will not permit the establishment of an opposition NU executive council in the region that he heads. "I am confident that NU members in Central Java can protect their unity and integrity, while supporting national development. In Central Java, there will be no opposition NU directors. In brief, I reject the term opposition director,'" he stated.

The same thought was expressed by Drs. A. Azis, chief of the Sociopolitical Affairs Directorate for Lampung, who, referring to the desire of Syafri Zuman to form an opposition NU Regional Executive Council (PWNU) in Lampung, said the action was excessive and absurd. "Legally, only the PBNU under the leadership of Gus Dur is recognized," he said.

Indonesia: Students Help Destroy Marijuana Field

96SE0037A Jakarta SUARA KARYA in Indonesian 12 Feb 96 p 8

[FBIS Translated Text] Sukabumi (SUARA KARYA)—Dozens of SLTA [senior high school] students from Sukabumi had opportunity on Tuesday, 6 February, to destroy 593 marijuana plants on 0.25 hectare of land at Lembukawung Hamlet, Sukamekar Village, Sukaraja Subdistrict, Sukabumi District. The plants were destroyed after the local state court issued a ruling. The destruction of the plants, which was done by burning, was witnessed by military and civilian officials and also by thousands of residents of Sukabumi and various villages.

They came in throngs to the marijuana fields, walking a distance of 4 kilometers. Officials were also forced to walk, because the road was not passable for motor vehicles, either two-wheeled or four-wheeled. As a result, the officials appeared tired, especially since most of them were observing the fast.

The destruction ceremony moved smoothly and orderly, however. It began with the reading of ruling number 01/Pen Pid/1996/PN, dated 2 February 1996, by Kirman Saragih, S.H. [Master of Laws], chairman of the Cibadak State Court in Sukabumi. The destruction ceremony was led personally by Lieutenant Colonel (Police) Drs. Budi Utama, chief of the local police district, who was accompanied by Lieutenant Colonel Art Rustadi, who is commander of Sukabumi Military District, and by Drs. W. Iwan Djunaeni, deputy regent of Sukabumi.

During a break in the destruction proceedings, the police district chief and the commander of the Sukabumi Military District said in response to a SUARA KARYA question that they felt distressed over the planting of marijuana. The Sukabumi Police District chief said he would therefore continue with full investigation of the case until he reached the bottom of it. It is possible that the six suspects revealed to be responsible for the planting of the marijuana in the jurisdiction of the Sukabumi Police District may have syndicate ties with marijuana bosses in the big cities.

Lt. Col. Art Rustandi made a similar statement. He said that the Sukabumi Military District will continue to support efforts by the police district to investigate the case of the marijuana field. "We are fully aware of the danger of marijuana when consumed by members of the community," he said.

Laos

Laos: Souban Salitthilat Receives Russian Delegation

BK2803134796 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 28 Mar 96

[FBIS Translated Text] Deputy Foreign Affairs Minister Souban Salitthilat received a courtesy call from a Russian Foreign Affairs Ministry delegation headed by Valeriy Malyguin, head of the Asia-2 Department at the Russian Foreign Affairs Ministry, at the Foreign Affairs Ministry reception room in Vientiane during the afternoon of 27 March.

During the visit, the deputy foreign affairs minister hailed the Russian delegation's visit to Laos, noting that it would contribute to the further strengthening and developing of traditional relations of friendship and cooperation between Laos and Russia.

Laos and Russia have maintained mutual relations and cooperation for a long time. Such relations have currently been even more consolidated and further developed in order to meet the requirements and interests of the two peoples.

The head of the Russian delegation informed Deputy Minister Souban of the outcome of its meeting with our Foreign Affairs Ministry delegation. He said that the aim of the visit was to strengthen relations and cooperation between the two countries in general and between the two foreign ministries in particular.

Laos: PDR, Russian Foreign Ministry Team Hold Talks

BK2803104296 Vientiane KPL in English
0912 GMT 28 Mar 96

[FBIS Transcribed Text] Vientiane, March 28 (KPL) — Delegations of the Foreign Ministries of the Lao PDR [People's Democratic Republic] and Federation of Russia met here yesterday.

The guest delegation was led by Mr. Valery Malyguine, head of the Asia-2 Department under the Russian Foreign Ministry, and the host delegation was led by Mr. Mali-gna Sai-gnavong, head of the Europe and America Department under the Lao Foreign Ministry.

Russian Ambassador to Laos, Mr. Vladimir Fedorov, also participated in the meeting.

In their talks, the sides informed each other of the situations in their respective countries and discussed international issues of reciprocal interests. They also discussed mutual cooperation which was aimed at boosting the relations between the two countries. High on the agenda in their meeting was also the review of the implementation of the outcome of the visit to Laos by Russian deputy-foreign minister and the visit to Russia by the Lao foreign minister in 1993.

The Russian delegation arrived here on March 26 for their three-day working visit.

Laos: Narcotics Officials, SRV Delegation Hold Talks

BK2803142096 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 28 Mar 96

[FBIS Translated Text] A meeting was held at the Maitichit guest house in Vientiane on the afternoon of 27 March between the delegations of the National Lao and Vietnamese Commissions for Narcotics Control and Suppression. The Lao side was headed by Souban Salitthilat, chairman of the Lao National Commission for Narcotics Control and Suppression and deputy foreign affairs minister. The Vietnamese side was headed by Tran Thanh Xuan, vice chairman of the National Vietnamese Commission for Narcotics Control and Suppression.

During the meeting, the two sides informed each other regarding activities to control and suppress narcotic drugs in their respective countries. They also consulted each other regarding cooperation between the two countries in this work in the immediate future, as well as on other issues of mutual interest aimed at further strengthening the longstanding traditional relations, special solidarity, and comprehensive cooperation between the two countries in general and the two organizations in particular.

Laos: Article Views Aftermath of 6th Party Congress

BK2903110896 Bangkok THE NATION in English
29 Mar 96 p A6

[Article by Andrew Nette: "Lao Old Guard Puts the Brakes on Reformers"]

[FBIS Transcribed Text] Laos appears set for a period of more cautious rule following the 6th congress of the Lao People's Revolutionary Party [LPRP], held in Vientiane last week, which sidelined reformers from top leadership positions in favor of members of the party's military and ideological wings.

At the party's 5th congress in 1991, the LPRP responded to the impending collapse of the Soviet Union, its main foreign backer, by adopting free market reforms and a more outward looking foreign policy.

While not completely reversing course, the party appears to have now chosen to emphasize the perceived dangers stemming from the open door policy, including growing social problems and a loss of economic control.

Confounding months of speculation that the party's ageing veterans would bow to pressure to elevate younger reform minded members, the congress produced no clear shift.

Although 82-year old State President and party veteran Nouhak Phoumsavan resigned from the politburo, the new lineup represents members of the second generation of revolutionaries recruited into the party in the '60s and earlier.

While some younger ministers were elevated in the 49-member central committee, 75 percent of body is constituted of individuals who joined the party before the revolution in Laos in 1975.

"Some of us are definitely disappointed that there is no clear generational change," said one party member who requested anonymity after the congress.

The most prominent reformer to feel the heat from the congress' conservative swing was deputy Prime Minister Khamphoui Keoboualapha, who was dumped from his positions on both the central committee and politburo.

Khamphoui was head of the Committee for Planning and Cooperation [CPC], which oversees all aid and foreign investment coming into Laos, and had tied his fortunes to the rise of a professional bureaucracy in Laos. He was viewed as one of the most economically able members of the party, winning praise from foreign businessmen and donors.

Rumors had been circulating in Vientiane in the weeks leading up to the congress about Khamphoui's possible demotion.

Speculation on his fate centers around the fact that as economic czar, he took the blame for a serious bout of inflation earlier last year, which caused a 20 percent devaluation in the kip and led to a government ban on all commercial transactions in foreign currencies.

However, party insiders add that Khamphoui had also been criticized for moving too fast with reform and enjoying too close a relationship with foreign investors.

As one observer put it there was a definite perception that he had "drifted too far from the revolution."

Khamphoui also appears to have been penalized for his high profile advocacy of large scale infrastructure projects, particularly hydro power, which have come under fire for being economically problematic and environmentally harmful.

According to one member of Vientiane's business community, "The country still wants economic reform but it wants it to be controllable. There is a definite perception that things have got out of control."

While the party pledged to continue the government's policies aimed at attracting foreign investment, the political report to the congress said this must be done by "gradual osmosis between our economy and the international economy".

The report also stressed the need for increased state control over the economy, saying that "The drive to privatize state enterprises has, in some cases, been too swift and has resulted in the loss of state property."

"The Lao are regretting their 'shock treatment' approach to privatization that they adopted during the early part of reform," commented one donor official in Vientiane. "This has left the government with the most unprofitable state enterprises, and hence a weak tax base."

"Much as in Vietnam, socialism in Laos now means maintaining some key industries under state control," he continued.

Party precedent dictates that senior government officials must be at least central committee level or higher, opening the possibility that Khamphoui may lose his position as deputy PM [Prime Minister], and if so, his post as the head of the CPC.

With a population of 4.6 million, Laos is the world's smallest remaining communist state, and the threat of cultural and economic domination at the hands of its larger neighbors Vietnam, China, and Thailand, has always been a pressing issue.

In this regard, the result reflects an ongoing debate in the LPRP on whether to open up more rapidly or safeguard sovereignty at every step. "It is a clear signal that they fear losing control and that they want to stop and not rush ahead so quickly," said another Lao source.

The most important trend revealed by the congress, however, is the growing power of the country's military. This has resulted in what one foreign diplomat in Vientiane called "a Politburo in faded khaki".

With 65 of the 381 delegates from the military, an estimated 30-40 ex-serving members, the army was able to have an enormous influence on the outcome.

Six of the nine-person body selected by the congress are either serving or ex-members of the military, including the heads of the powerful ministries of Interior and Information and Culture, and the country's current Prime Minister and former head of armed forces, Khamtai Siphandon, was reconfirmed as President of the party Central Committee.

Khamtai is touted to replace Nouhak as State President at an upcoming National Assembly meeting in April, and Defense Minister, Choummali Sai-gnason, is considered a key contender to take over as prime minister.

Underlining this new found clout is the growing economic power of the military.

For the first time in recent history, the military does not receive assistance from outside sources. To pay for the weapons and wages of its soldiers, it has responded in the same manner as that of its counterparts in Vietnam, Cambodia, and China by concentrating on making money through the formation of a number of military companies.

The largest and best established of these, Bolisat Phatthana Khet Phudoi or the Mountainous Areas Development Corporation, is the most successful indigenous commercial enterprise in Laos.

Their interests now range from logging to tourism and road building. Phudoi has the exclusive right to log from the basin area of the proposed Nam Theun II dam and in February it signed an deal with a Malaysian company to build a US$211 million (Bt 527.5 billion) tourism resort in the central part of the country.

The military has also been mandated with an important role in fostering development in rural areas, where 85 percent of the population live.

"Given the fact that the communists have such strong links to the military they probably feel confident having them play this role, both to generate funds and support for the government," said the donor official.

Most observers believe that the extent of their money making activities mean that there will be little chance of the army retreating from market reform.

"The army has an economic stake in reform," said one foreign analyst. If there is going to be a reversal then the army would have to go back to the way things were in the old days, including their old financing structure."

Indeed some argue that a dose of military discipline is exactly what the country needs.

"There is certainly a perception among some that the military is needed to step in and retain order," said one Lao businesswoman. "They (the military) are organized and everyone is longing for some organization."

Others believe that the congress marks an important watershed in the country's development, away from a the old communist order towards a more authoritarian nationalist state as is seen in Indonesia and Burma.

But while this is seen by some as a solution to the country's problems, as a report last year by the Netherlands Institute of Asian Studies stated, the military's commercial power "is dangerous because it makes the army more independent. The risks of such a course is obvious from the history of Thailand."

This is particularly the case in Laos, where there is an almost complete lack of a civil society to act as a counterweight to its ambitions, as is now the case in Thailand.

In the short term, analysts are now watching for clues as to where the country will go next, with the majority predicting a slow down for foreign investors while the government gets its house in order. There is also the question of what the congress' result will mean for Laos' stated intention of joining ASEAN in 1997.

Philippines

Manila Expected To Bring Case on Brazil's 'Excessive Duties' to WTO

BK2903063596 Manila PNA in English 0247 GMT 26 Mar 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Manila, March 25 (PNA) — The Philippines has elevated to the Dispute Settlement Body (DSB) of the World Trade Organization (WTO) its case against Brazil's excessive duties on the country's desiccated coconut exports, according to Trade and Industry Undersecretary Cesar B. Bautista.

Bautista said Brazil earlier imposed a counter-veiling duty (CVD) of 121.5 percent on desiccated coconuts (DCN) from the Philippines alleging subsidies to coconut fruits.

This is in violation of its obligation under Article VI of the 1994 General Agreement on Tariffs and Trade (GATT) and has impaired and nullified the benefits of Philippine exports of desiccated coconuts under GATT of 1994, the trade official pointed out.

Bautista said a dispute settlement panel has been established by the DSB last March 5 to resolve the issue and is expected to be operational by April this year.

He added that a ruling in the case is expected to be out in about nine months wherein the decision of the panel and the DSB is mandatory which in the case of Brazil will have to desist from imposing the counter-veiling duty or compensate the complaining party.

Meanwhile, the Philippines is of the view that Brazil did not give the country reasonable opportunity to clarify the factual situation. The Philippine Government does not grant subsidy to desiccated coconut processing. The so-called development assistance given to coconut farmers is a levy which they impose on themselves. Thus the assistance does not come from the government budget but from the private funds of the coconut farmers.

Philippines: Implications of Tension in Taiwan Strait Viewed

BK2903082096 Manila BUSINESS WORLD in English 28, 29 Mar 96

[Article published in two installments in the "Focus" column: "RP and the Tension in the Taiwan Strait" — received via Internet]

[FBIS Transcribed Text]**Article by Carlo B. M. Santos: We Will Maintain the Status Quo: Despite the easing of tension in the Taiwan Strait, relations between China and Taiwan remain testy.**

And like one "torn between two lovers," the Philippines tries to keep its relations with Beijing and Taiwan evenhanded, knowing the truce can be temporary and may be broken at the first sign of provocation by either side.

Nevertheless, the Philippines welcomed with relief the partial withdrawal of U.S. battleships from the Taiwan Strait. Should hostilities break out, analysts believe the Philippines will be forced by circumstances to take sides at the risk of serious diplomatic repercussions and this will reduce the One-China Policy into a meaningless commitment.

"The Philippines is benefiting from the present status quo," one military analyst said, noting that even without diplomatic relations with Taiwan, the Philippines has been the recipient of heavy Taiwanese investments.

To the United Nations, meanwhile, the conflict between China and Taiwan is an internal matter and does not warrant diplomatic mediation by the international body.

But this "internal matter" rattled the Philippines whose northernmost province of Batanes is just 190 kilometers south of Taiwan. In fact, Batanes is closer to the territory than it is to Manila which is 860 kilometers away.

In case of a "shooting war," the Philippines has no choice but to take up position and secure its territory and its people.

But will China attack Taiwan? And if it does, what will be the repercussions on the Philippines?

The question has been tossed around to military analysts who examined the Philippines' "precarious position" by virtue of its location and diplomatic engagements.

Not in the Near Future

Armed Forces of the Philippines (AFP) analysts who have extensively studied the China-Taiwan situation told BUSINESS WORLD, it is unlikely China will launch an offensive against Taiwan. At least not in the near future.

Although China is a military power to be reckoned with, it cannot sustain an all-out war as yet because of economic constraints, one analyst said.

"China is still growing economically," said the source from the AFP's strategic planning office.

He believes with a population of more than 1.2 billion, many of whom rely heavily on agriculture, balancing the Chinese economy is a difficult task.

"Although China is making record growth in terms of its economy, exports and investments, the bulk of its population remains poor. Most rely on crops for food and a bad crop could readily destroy the lives of these people. The Chinese economy still needs to grow," the analyst said.

The presence of the U.S. warships in the area as a deterrent will somehow force China to take stock of its strength.

"It is unlikely that China will attack ... while the U.S. is backing Taiwan. (And) any attack on the U.S. warships from China would be an act of aggression since the warships are considered as an extension of the U.S. territory," he said.

The analyst said China would not wish to invite U.S.' superior military force into the region.

For example, he said the American aircraft carrier USS Independence can single-handedly neutralize the ships and fighter planes of China which conducted the military exercises in the Taiwan Strait. It carries an estimated 85 fighter planes and more than 5,000 personnel. It, however, does not travel alone.

The Independence has a complement of one destroyer missile-launcher, a nuclear-powered cruiser, one cruise missile launcher, a supply and munitions vessel and two frigates.

Nuclear Power

Aside from its normal complement, the second U.S. task force led by the carrier USS Nimitz is said to have a nuclear-powered submarine in tow.

The U.S. also has more than 314,000 troops committed to the Pacific region and its 150,000-strong Rapid Deployment Force based in the United States could immediately be activated if the need arises.

The Chinese military, on the other hand, boasts of a little more than 5,000 fighter planes, no aircraft carrier, 55 warships, 48 submarines, a nuclear-powered submarine, 14 intercontinental ballistic missiles and more than 60 intermediate ballistic missiles.

The last time its soldiers showed extreme discipline, analysts said, was in the 1960s when Mao Zedong was in command of his Red Guards.

China may also have to contend with U.S. allies in the Asia-Pacific, said the AFP analyst.

The U.S. has a treaty with Australia and New Zealand, known as ANZUS (Australia, New Zealand and the U.S.), signed in 1951 for the maintenance of peace in the South Pacific region.

It is likely the U.S. would first invoke its treaties with Asian countries during an emergency: Japan serves as the base of the U.S. 7th Fleet while there is a U.S. military base in South Korea. The U.S. also has a Mutual Defense Treaty (MDT) with the Philippines.

Under these treaties, American ships can resupply, refuel and undergo repairs in the ports of Japan, Korea and the Philippines.

In addition, the U.S. has a defense treaty with Thailand and an Accession and Supply Agreement with Singapore for the supply of spare parts of ships and planes.

"If the U.S. would invoke these treaties and is accepted by the friendly countries, China would be cordoned-off by U.S.-friendly nations while U.S. ships would be resupplied and repaired without much trouble," he said.

"However, the U.S. warships would likely go to Japan and Korea for repairs since there are no repair facilities in the Philippines ever since Subic Naval Base was turned into a freeport zone. The warships could go to the Mitsubishi ports in Japan or Daewoo and Hyundai ports in Korea," the analyst added.

There is a possibility the U.S. will invoke the MDT with the Philippines should tensions between China and Taiwan escalate.

Actually, the U.S. can just request for the use of the ports and, if approved by the president, "we may become involved in a conflict especially if we refuel and resupply the U.S. warships." He added Congress is likely to shoot down any request by the U.S. to use Philippine facilities for war.

Neutral

Under the Hague Convention Respecting the Rights and Duties of Neutral Powers and Persons in Case of War on Land and Sea, a country which opts to remain neutral in any conflict has to be respected by the combatants. Combatants are forbidden to move supplies and munitions across the territory of the neutral nation nor construct communication lines on land or sea occupied by it.

The neutral power, meanwhile, is forbidden to provide arms, munitions or supplies to one combatant only. If the neutral nation chooses to arm or supply only one nation, it loses its neutrality.

Combatants are also forbidden to use the ports and waters of a neutral country from where to launch offensives against its opponents. The neutral country meanwhile can carry out repairs on the ships of the combatants but not to replenish supplies.

If the neutral country violates these provisions, she loses her neutrality and becomes open to hostile attacks.

The source theorized it is likely the Philippines will support the efforts of the U.S. if it intervenes in a war between China and Taiwan.

"Our relationship with the U.S. is better than with China. If we do not side with the U.S. ..., we can kiss our economic relationship with the U.S. goodbye," he said.

Low-Level Action

"Although China is not capable of sustaining attacks against the Philippines, it is capable of low-level military action. This includes precision bombing, occupation of offshore areas, interdiction of ships and even raiding remote areas. China could even send a small detachment of troops to the Spratly Islands and harass the Filipino soldiers stationed there," he explained.

He added the newly purchased SU-27 fighter-bombers of China has the capability to reach the Philippines and bomb cities in Luzon, specifically Metro Manila.

"These fighters can reach the Philippines and has 15 minutes to 20 minutes loitering time before they are forced to withdraw and return to China before they run out of fuel," he said.

Data gathered from Jane's Defense, a military journal, show China also has intermediate ballistic missiles that can hit the Philippines, specifically the ports to be used by the US warships.

China has the CSS-3 "Sibling" intermediate range missiles with a reach of 2,650 kilometers and is armed with a single warhead with one to three metric tons of explosive material. Its intercontinental ballistic missiles have a reach of 13,000 kilometers and can carry nuclear warheads or a five-megaton explosive material.

Modest Defense

Against these weapons, the Philippines has a modest defense. The only way for the Philippines to remain unscathed from a possible conflict with China is to ask for U.S. military assistance for anti-aircraft systems to defend Philippine air space and patrol ships to protect our territorial waters.

Air Force chief Lt. Gen. Arnulfo Acedera, Jr. said as the frontliner in any conflict, the Air Force could send out its fighter planes against the SU-27 fighter-bombers of China in case of attack.

"We could dispatch our F5s to intercept any intruder in Philippine air space. Our planes, however, have lesser capabilities ...," he said.

At present, the Air Force's main interception group is the F5s. Some of these planes, however, are in Singapore for refitting of air-to-surface missiles to be used in the watch against foreign ships entering Philippine waters.

Mr. Acedera also said the Air Force is "flying blind" because of its limited capability to detect intruders in Philippine airspace.

"We are currently using (only) two radar systems to detect any foreign aircraft intruding in the Philippines," he added.

Powerless Navy

Meanwhile, the Philippine Navy remains powerless in case of military attacks launched at sea.

"China has ships that are obsolete if compared with the US but are modern if compared to the Philippines. (China's ships) has missile and computer-targeting capabilities while ours do not," he said.

The Philippine Army, which is the biggest branch of the military, may prove ineffective in protecting the Philippines since the conflict will either be air-borne or sea-borne.

"Now that insurgency in the Philippines is on a downtrend the army will soon be lowered from its present number of 150,000 to approximately 100,000 within the next 10 years," said Army chief Maj. Gen. Clemente Mariano.

The army, however, can be used in defending the coastal areas and islands where there is a possibility that Chinese troops can be deployed to harass Filipinos.

Article by Paul N. Villegas: Who Are We To Disagree?"]

Although China's military exercises in the Taiwan Strait were meant as stern warnings to pro-independence movements in Taiwan, the event brought the Philippines to a critical juncture in its relations with its two important neighbors.

Officials will say China and Taiwan, at opposite ends of the political and economic spectrum, are just as important as, say, the United States and Japan, and that China's huge market and Taiwan's deep pockets are crucial to the economic agenda of the Ramos government.

For instance, penetrating China's market of 1.2-billion people is relentlessly pursued by the likes of food and beverage giant San Miguel Corp. and taipans Lucio Tan and George Ty. Taiwanese investors, on the other hand, are bringing in a package of capital, technology and market access to the Philippines.

Taiwanese officials in Manila are predicting the tension will prompt businessmen from Taipei to move whatever investments they have in Beijing to the Philippines.

"Because of China's missile testings and military exercises, the confidence of Taiwanese investors on Beijing has been affected. Several of them are seriously considering transferring their businesses to the Philippines," said Chan Hsien-Ching, the official representative of the Taipei Economic and Cultural Organization (TECO) in Manila, whose rank is the equivalent of an ambassador. He is optimistic that if Manila plays its cards right, Taiwan's investments in the country will increase "by leaps and bounds."

Although the government would certainly welcome an increase in Taiwanese investments, it says it does not want to capitalize on crises like the one being played out in the Taiwan Strait.

Favorable

"The important thing is to create a favorable investment climate. We don't have to wait for crises to erupt. No matter how terrible the crises might be elsewhere, if you don't have the right investment climate, the investors won't come to you," Foreign Affairs Undersecretary Rodolfo Severino told BUSINESS WORLD.

Taiwan's investments in the Philippines are small compared to its business interests in the mainland. Data from the Bangko Sentral [Central Bank] show the island's foreign direct investments (FDI) in Manila last year reached a mere $7.394 million, while its investments in China amounted to $25 billion. Unofficial figures put that figure to twice the amount.

Relations between Manila and Taipei are considered unofficial because of the government's adherence to the One-China Policy which officially recognizes Beijing as the sole representative of China. But since money talks, Taiwan has played a more pronounced role in the Philippines' economic activity.

In terms of investments, for instance, China specialist Theresa Carino believes ties between Manila and Taipei are more "substantive."

"The technology that Taiwan can bring into the country is probably at a higher level than what China can provide at this point in time," she told BUSINESS WORLD.

Majority of Taiwanese firms that invest in the country are small- and medium-sized enterprises (SMEs), although a few larger ones, like computer conglomerate Acer Corp. and Fortune Textiles, have began to establish manufacturing sites in the Philippines.

Bilateral Trade

Mr. Chan said Taiwan's SMEs are fuelling the Philippines' economic growth. The SMEs have contributed to a staggering two-way trade of $2.3 billion between the Philippines and Taiwan last year, a far cry from the $1.3 billion worth of bilateral trade between the Philippines and China. Both China and Taiwan have sustained huge trade surpluses with the Philippines.

"They are here to share their experiences with their local counterparts," he said.

Soft loans and grants offered to Manila have also allowed Taiwan to branch into development cooperation projects with the Philippines.

Through its International Economic Cooperation and Development Fund, or Taiwan's version of the Japan International Cooperation Agency, some 1,000 young Filipinos will participate in a two-year internship program at factories and business establishments in Taiwan over a certain period.

This project, which will commence next month, will be the first major undertaking of the Taipei government in the area of development cooperation. The project will also be duplicated elsewhere in Southeast Asia if it is successful.

Experimental

"This is an experimental project. We are giving the Philippines first priority because it is our closest neighbor. Then we'll move on to Indonesia," he said.

The presence of more than 130,000 Filipino overseas workers in Taiwan puts the partnership to test from time to time.

"In a way, the Filipinos have been helping us with our manpower shortages, while on our side we are providing job opportunities to these workers," Mr. Chan said.

A number of lawmakers have attempted to undertake a review of the One-China Policy, but they "never got past the Senate foreign relations committee," observed Ms. Carino. They argued that elevating relations between Manila and Taipei to a higher plane would boost bilateral trade and increase Taiwanese investments in the country.

Bills such as the "Taiwan Relations Act" and the "RP-Taiwan Beneficial Relations Act" had been proposed, although these were shelved after the Department of Foreign Affairs (DFA) strongly opposed their passage. China even warned it would sever diplomatic ties with Manila if such bills were enacted into law

But Mr. Ramos' personal links with Taiwanese appear to compensate for the failed attempts to get cozier with Taiwan.

Mr. Ramos' brothers-in-law are Taiwanese businessmen while his father, the late Narciso Ramos, was the country's ambassador to Taipei when the Philippines and Taiwan still had diplomatic ties. He also met with Taiwan President Li Teng-hui two years ago in Subic when the latter embarked on a diplomatic offensive in Southeast Asia.

Philippines: Oil Industry, Farm Tariffication Bills Signed

BK2903023096 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 28 Mar 96

[FBIS Translated Text] The oil deregulation measure has been formally legalized. With President Ramos' signature, the oil industry will be opened to other companies, in addition to Shell, Caltex and Petron. The Energy Regulatory Board's authority to assign prices has been removed, and instead the law of supply and demand will dictate prices of petroleum products.

Imported agricultural products and livestock are expected to flood the market after the president signs the Agriculture Tariff Act into law. Under the law, the government will allow the entry of these products in compliance of the General Agreement on Tariffs and Trade. Import restriction on rice, however, will remain a commodity that is not covered by the law.

Thailand

Thailand: Red Army Member Suspected of Tokyo Gas Attack Role

OW2903025796 Tokyo KYODO in English 0203 GMT 29 Mar 96

[FBIS Transcribed Text] Bangkok, March 29 KYODO — Japanese security officials are scheduled to arrive in Bangkok on Friday [29 March] and discuss the handing over of a former Japanese Red Army faction member with Thai police and U.S. investigators in Bangkok, Japanese sources said.

The Japanese detainee, nabbed with a large amount of counterfeit U.S. currency in his possession, was identified by the Japanese Embassy in Thailand as Yoshimi Tanaka, 47, a member of Japan's Red Army faction that hijacked a jetliner to North Korea in 1970.

The Japanese authorities hope for an early handover of Tanaka, but Thai police, as well as U.S. investigators, intend to probe the whole picture of the counterfeit case including the background of Tanaka.

The Japanese sources expect a rough going over the negotiations.

Tanaka was detained in Cambodia on Sunday for possession of counterfeit dollar bills.

He was then arrested at the Thai resort of Pattaya on Thursday. Tanaka is believed to have been transferred from Pattaya to Bangkok by a helicopter Thursday evening, according to informed sources.

Tanaka is on an international most wanted list for his part, along with eight other Red Army faction members, in the hijacking of a Japan Airlines jet with 129 people aboard bound for North Korea.

Japanese security authorities suspect Tanaka has been active as a North Korean agent as he was carrying a North Korean passport with him when he was detained in Cambodia.

According to investigative sources, Thai police and U.S. investigators have suspected Tanaka to be a follower of Aum Shinrikyo religious cult, who was on the wanted list for his role in the sarin nerve gas attack on the Tokyo subway system in March last year.

Because Tanaka used the false name of Shoji Hayashi, they suspected he is the person listed on the wanted list as Yasuo Hayashi.

Japanese police asked Thai police to search for Hayashi around the end of last year after they obtained information that he entered Thailand.

Thailand: Banhan Attends Party Hosted by Guangdong Governor

BK2903081196 Bangkok XIN ZHONG YUAN RIBAO in Chinese 29 Mar 96 p 16

[Dispatch by Editor-in-Chief He Yun from Shantou, China]

[FBIS Translated Text] Speaking at a party hosted by Guangdong Governor Lu Ruihua on the evening on 28 March, Prime Minister Banhan Sinlapa-acha stressed that under the joint efforts of the leaders and peoples of both countries, the Thai-Chinese friendly relations strengthen day by day. Great progress has also been achieved in trade.

He said trade has increased by 126 times in the past 20 years. Thailand exports about $1.6 billion worth of goods to China annually, while it imports about $2 billion. [figures as published] The imbalance must be corrected so that Thailand will not suffer such a big deficit with China.

Both the Thai prime minister and the Guangdong Governor agreed that the close ties between Thailand and China are unbreakable. They believed cooperation, trade, and contacts will be further strengthened and more achievements recorded.

Thailand: Burma's Than Shwe Accepts Invitation To Visit

BK2903064896 Bangkok BANGKOK POST in English 29 Mar 96 p 6

[Unattributed report]

[FBIS Transcribed Text] Burmese Prime Minister Than Shwe has accepted an invitation to pay an official visit to Thailand.

The announcement was made yesterday by the head of the Armed Forces Information Office, Rattana Chaloemsaenyakon.

Lt. Gen. Rattana said an exact date has not yet been fixed.

Gen. Than Shwe is also chairman of the ruling State Law and Order Restoration Council.

Prime Minister Banhan Sinlapa-acha extended the invitation during the visit he made to Burma recently in the company of Supreme Commander Wirot Saengsanit.

Since Mr. Banhan's trip, the Mae Sai-Tachilek, Mae Sot-Myawaddi and Ranong-Kawthaung border checkpoints have reopened. They had been closed for about a year.

Meanwhile, a meeting of the "sub-committee for the maintenance of peace and order along the Thai-Laotian border" will be held at Wang Kham Hotel in Chiang Rai on March 29-31

Thailand: Official Reports Burma Violating Border Accord

BK2903102996 Bangkok THAILAND TIMES in English 29 Mar 96 p A3

[Report by Atsawin Phinitwong]

[FBIS Transcribed Text] Tak: Burmese are breaking a common border pact by building a bridge linking Myawaddy and the disputed islet in the middle of Moei river, a Thai border officer said yesterday.

About 20 Burmese were involved in building a bridge stretching 50 metres from Burmese side of the river bank to the islet in Moei river, opposite Ban Rim Moei village in Mae Sot district in this province.

The controversy islet strained Thai-Burmese relations when Thailand built a causeway on Thai side which led to Burmese closure of the Mae Sot-Myawaddy checkpoint along Thai-Burmese border. Burma also ordered the suspension of the Thai-Burmese Friendship Bridge construction.

Thailand removed the causeway and Rim Moei shop houses on the Thai river bank in response to the Burmese demands before Prime Minister Banhan Sinlapa-acha's official visit to Rangoon on March 17-18.

The official said Burma's under-construction of bridge linking the islet to its land is being undertaken without informing Thai officials.

Thai government will not seek any benefits from the disputed islet as agreed recently by the border committee, he said. The agreement prohibited both sides to operate any business on the islet.

Burmese officials claimed that the bridge is being built to create a tourist spot, so that its income can be used for the construction of a pagoda in Myawaddy, the source said.

Thailand: Editorial Urges Boycotting 'Visit Burma' Campaign

BK2903051796 Bangkok THE NATION in English 29 Mar 96 p A4

[Editorial: "The True Price of a Holiday in Burma"]

[FBIS Transcribed Text] Early last month a group of demonstrators in Kuala Lumpur representing 17 local non-governmental organizations (NGOs) condemned Burma's ruling military regime for its continuing human rights violations. They called on fellow Malaysians and other citizens of ASEAN countries to boycott the junta's "Visit Myanmar [Burma] Year" campaign and urged people in other parts of the world to voice their opposition.

On Wednesday, the Burma Action Group in Britain joined their Malaysian counterparts in the boycott campaign and called on tourists to think twice before going to Burma for a holiday.

The Burmese military regime, calling itself the State Law and Order Restoration Council (SLORC), has deemed 1996 "Visit Myanmar Year".

As a tourist destination, Burma has much to offer. But since the military crackdown on the pro-democracy movement and students in 1988, the country has been off the tourist trail. Now the military rulers want to change Burma's bad image.

"Visit Myanmar Year" doesn't officially begin until this October and Burmese immigration authorities have been ordered by the generals to "be nice to tourists."

'Smiling' Immigration Officers

While tourists arriving in Rangoon will be greeted by smiling immigration officers, the harsh reality is that behind the smiles torture and repression continue in Burma. In the Burma Action Group's "Alternative Guide" issued on Wednesday in London, the group documents the links between the development of the tourism industry and wide-scale human rights violations being carried out by the SLORC.

Human rights groups have documented evidence that thousands of ordinary Burmese people are being forcefully removed from their homes to "clean up" tourist sites or to make way for new "developments". One such development is the Myanmar Golf Club in Rangoon. At first, the army blockaded the area, home to people who had been living there for decades. When this failed, the SLORC arrested one member of each family and sent them to jail. The remaining families were then forcibly moved to a "new town" 25 kilometres out of the city.

"People should be aware that by visiting Burma now, they are lending legitimacy to a cruel and brutal military dictatorship that does not respect democracy," said Yvette Mahon, the coordinator of the Burma Action Group.

The SLORC is pushing tourism to increase its legitimacy and to draw in hard currency. This money does not go to the people, but instead into the pockets of the generals, or straight back out of the country to foreign businesses.

Human Rights Abuses

Aung San Suu Kyi, the leader of Burma's democracy movement has said: "Those foreign businessmen who come here (to Burma) to strike up deals while ignoring the reality, should know that we are all suffering — they need to be reminded that this is one of the most brutal military regimes in the world and putting money into the country now is simply supporting a system that is severely harmful to the people of Burma."

Suu Kyi has urged tourists to "make 1996 a year for not visiting Burma" to demonstrate their support for democratic reforms.

The National Coalition of the Union of Burma — the current democratic Burmese government-in-exile — and other Burmese opposition groups have also asked tourists to boycott Burma until true democratic reforms have taken place.

Burma stands condemned by the UN for its human rights abuses. The SLORC regime is clearly one of the worst in the world.

The development of the tourist industry has been at a price to the local community which every decent person would regard as unacceptable.

Tourists must be urged to think carefully before booking a holiday in Burma. The price of an exotic holiday could be somebody else's life.

Thailand: Minister Reports Ban on British Beef, Beef Products

BK2903103696 Bangkok THAILAND TIMES in English 29 Mar 96 p A3

[Unattributed report]

[FBIS Transcribed Text] Bangkok: The Public Health Ministry yesterday announced the official ban on the importation of British beef and beef products effective immediately.

Thailand joined the list of more than 20 countries banning the import of British beef and beef products including those used for medical, cosmetic and pharmaceutical purposes.

"Mad cow disease," officially known as bovine spongiform encephalopathy (BSE), was reportedly found in British beef and beef products recently. The disease was believed to be linked to Creutzfeldt-Jacob Disease (CJD), a fatal brain disease that afflicts humans.

Public Health Minister Sano Thianthong said the ministry had to declare the ban for the sake of the people, even if Britain has not confirmed whether the mad cow disease infects humans or not.

BSE was found in beef raised in Britain and Northern Ireland since 1985. The disease is capable of resisting temperatures up to 120 degrees Celsius and symptoms usually appear among infected people after 2-11 years.

The minister said importers of meat and meat products are officially required to seek permission from the ministry before importing any of the products and the two Thai importers who were granted the license to import beef from Britain did not do so for quite some time.

Food and Drug Administration Secretary-General Phakdi Phosiri said Thailand has controlled the importation of beef and beef products from Britain since 1990 when regulation of the products was being done by the Office of International Epizovtics (OIE).

Phakdi further said that illegal importation of beef was most unlikely since most of the illegal importation was reportedly done by neighboring countries.

Thai Navy Admiral Enlists Singapore's Aid for Submarine Purchase

BK2803091096 Bangkok THE NATION in English 28 Mar 96 p A8

[Unattributed report]

[FBIS Transcribed Text] Navy Commander-in-Chief Adm. Prachet Siridet has a tactic to persuade his critics that Thailand needs submarines — he will invite the Singapore defence minister to do the talking for him.

Prachet said he had asked Defence Minister Tony Tan to visit Thailand and he would seek his help to "explain to the people" the need for the submarines.

Prachet was speaking at Don Muang Airport after a visit to the island state.

The Navy chief said the date of the visit had yet to be fixed.

"Although Dr. Tan is a civilian, he knows a lot about submarines. I, myself, am not good at speaking in public and I often fail to convince those I talk to about what I think is good for the country," Prachet said.

The Navy chief has asked for two light attack-class diesel-powered submarines to enhance the defence of Thailand's territorial waters.

Prachet said he had exchanged ideas about the submarines with the Singaporean armed forces.

"We agreed that each country should have its own way of buying submarines," Prachet said. "Singapore has already acquired some, while our Navy has proposed the matter through the proper channels."

Prachet said he had made the proposal to both the Budget Bureau and the Cabinet.

"The next step is to form an acquisition committee," Prachet added.

The previous government turned down the proposal to buy the submarines. Although the current Cabinet has yet to decide whether to give the go-ahead, Defence Minister Chawalit Yongchaiyut has pledged his full support for the project.

Thai Central Bank Warns of Need To Control Capital Inflow

BK2903065396 Bangkok BANGKOK POST in English 29 Mar 96 pp 21, 24

[Report by Paritta Yutthamanop, Butsaba Siwasombun, and Sunrut Bunyamani]

[FBIS Transcribed Text] The central bank warns it may need to tighten its control of inflowing capital which threatens to widen the current account deficit and stoke inflation.

Key economic indicators for February, released yesterday by the Bank of Thailand, showed the annual rate of inflation remained at 7.4% for the third consecutive month.

The trade deficit surged 23.6% from a year earlier to 33 billion baht.

The moving average consumer price index stood at 6.2%, exceeding the government's goal to reduce it to 4.9% this year.

The currency rate Exchange Equalisation Fund, chaired by Finance Minister Surakiat Sathianthai, has told the finance, agriculture and commerce ministries and the Securities and Exchange Commission to jointly work out ways to reverse the widening trade deficit and high inflation.

Bandit Nitthawon, director of the central bank's economic research department, declined to give the current account deficit figure for February as the bank lacked complete figures for the services sector.

The bank's analysis of economic figures was carried out credibly and openly. But there were limitations as raw figures had to be gathered from many agencies, he said.

The current account deficit for January was 21.7 billion baht.

Although the trade deficit was higher year-on-year for February, it decreased from 37 billion baht in January. The balance of payments deficit dropped from 24.8 billion baht to 15.3 billion baht.

"Net capital inflow, however, has decreased from about 50 billion baht in January to 47-48 billion baht in February," Mr. Bandit said.

A senior central bank source said that if the net capital inflow remained at this high level, as in the past three months, the authorities might introduce a package of monetary policies to curb it.

Foreign credit rating agencies were worried about the inflow, especially through international banking facilities where 90% of the money was short-term borrowing, the source said.

The consumer price index, at 7.4% year-on-year, was up half a percentage point on the January figure. This took into account a 0.9% increase in the food sector and 0.2% increase in the non-food sector.

Mr. Bandit said food prices increased during festivities such as Chinese New Year.

The private investment index for February was 13.7% higher than at the same time last year. Value-added tax collection rose by 35.6% in February compared with the previous month.

Mr. Bandit said consumption spending in the year to the end of February had grown rapidly, particularly on cars which saw a 19.18% increase, compared with a 6.7% increase in the year to February 1995.

Exports last month were worth 117 billion baht, 18.7% more than at the same period last year, with increases in sales of computer parts and jewellery while agricultural product exports declined.

Imports topped 150 billion baht, 22% more than in February last year.

The manufacturing production index increased for the fourth consecutive month. It rose 11.9% in February, compared with 9.8% in January.

Official reserves increased to US$38.7 billion, equivalent to 6.4 months of imports:

Improved income from tourism helped lower the trade deficit, Mr. Bandit said, adding: "Not all indicators move in the same direction. While the private investment index has slowed down, exports have also slowed. The central bank would rather wait and see before making any decision."

Thailand: Study Details Earnings of 'Illicit Businesses'

BK2703134696 Bangkok MATICHON SUT SAPDA in Thai 26 Mar 96 p 39

[Unattributed report]

[FBIS Translated Text] Phasuk Phongphichit of the Economic Studies Center at Chulalongkon University has made an interesting study of illicit businesses in Thailand. Illicit businesses, defined under Thai law as businesses that are illegal, include drug trafficking, arms trafficking, prostitution, the illegal export of workers, and gambling. These businesses earn huge revenues for the people involved. The operators of these businesses enjoy a great advantage over other businessmen because they do not pay taxes. They invest their illicit revenue in legitimate businesses. Part of their revenue is used to gain political influence from the local up to the national level.

The initial study — conducted between January and September 1995 — shows the following revenue generated by illicit businesses in 1993-94: Narcotics transiting Thai territory, 100 billion baht; earnings of 150,000-200,000 prostitutes, 450-500 billion baht; commissions earned by agents in the illicit export of workers and prostitutes, 60-80 billion baht; and illicit arms trade, 13-62 billion baht.

These figures show that the value of illicit businesses amounts to 623-782 billion baht — up to 20 percent of GNP or the entire annual national budget.

Thai Editorial Seeks Openness in Infrastructure Projects

BK2903103496 Bangkok BUSINESS DAY in English 29 Mar 96 p 4

[Editorial: "Time for In-Depth Look at the Infrastructure Mess"]

[FBIS Transcribed Text] It is becoming increasingly clear that Thailand needs to tighten up its methods of awarding and monitoring major infrastructural developments, especially those that are concerned with transportation needs in the Bangkok area. There is plenty of symbolic evidence around the city to show that all is not as it should be. The Hopewell project is moving slower than Bangkok traffic at peak hours. The Don Muang Tollway just escapes the white elephant tag. The Skytrain fiasco has dominated the media in recent weeks.

One must conclude that these ludicrous hold-ups must be laid at the door of vacillation on the part of the elected sector of government. Private sector companies are unlikely to take positions in which they incur huge losses. Yet it is equally unlikely that it is the government bureaucracy that is at fault for by and large the development of industrial estates throughout the country has been carried out both by government agencies and the private sector in a manner that makes even more disturbing the lack of progress in the Bangkok area with transport projects.

It is to some extent inevitable that fast economic progress will result in rapid physical changes in major urban areas of a country. One has only to look at the complete transformation of cities like Singapore or Kuala Lumpur in the past 20 years or so to see that such changes can be wrought with vision and taste though not without considerable dislocation in the progress. Bangkok is at an earlier stage of economic transformation but there are worrying signs that it will become better known for its failure to march in step with national economic development.

If the city continues to be plagued by problems like those that have held up the sky-train, international financing will dry up for projects that are not a good 20 miles outside of Bangkok.

Consider that the sky-train project was designed as a total package that proved to be one for which two major international financial institutions and a clutch of local banks were perfectly happy to lend huge amounts of funds. Then what happened? A virtually unknown property development company appeared to want a change in the depot design to maximize its own likely profit.

Government, mainly in the form of Deputy Prime Minister Thaksin Chinnawat, surprisingly gave some credence to the suggestion that the original plans be changed. It was only when the primary lenders-designate made it known that they would not cough up funds if the ground rules were changed, that there was any progress towards continuation of the project.

One needs to ask why government did not immediately turn down any suggested change given that further negotiations would clearly cause delays. One also has to ask why an obscure property company needs to be cosseted. Who, for example, is behind Sun Estates? We think we should be told.

Thailand: Liberians Arrested With Counterfeit U.S. Dollars

BK2803074796 Bangkok BANGKOK POST in English 28 Mar 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Two Liberian nationals have been charged with swindling following a complaint that they used fake U.S. dollar bills to cheat a Thai man in an elaborate hoax.

A Crime Suppression Division team arrested Richard Prince, 20, and Chupleh Cummings, 20, from a room at the Foreign Mansion in Soi Nathong 3, Huai Khwang, on Tuesday night.

The police also seized one U.S.$5 note, one $1 note, a U.S. Embassy request form for the purchase of a chemical solution, and a box containing black banknotes which the suspects had allegedly claimed to be real dollar bills worth a total of $5 million.

The arrest was made in response to a complaint by Bunyarit Muangsi, 23, of Tambon Samrong Neu, Samut Prakan, who claimed the suspects had cheated him of 25,000 baht.

Mr. Bunyarit claimed the suspects approached him while shopping on Phloenchit Road and told him they had just arrived in Thailand with $5 million worth of banknotes coated with a black-coloured chemical solution that helped the notes to pass an airport X-ray device undetected.

They allegedly said the notes would change back to their normal green colour after they were treated with a special chemical solution available only from the U.S. Embassy.

Mr. Bunyarit claimed the two Liberians took him to their room to demonstrate how to change the black notes back to their real colour.

The suspects allegedly applied a chemical solution to three black notes taken from a box which they claimed to contain a total of $5 million.

Mr. Bunyarit said the colour of the treated notes soon turned green, making him believe all the notes in the box were real.

Mr. Bunyarit said he realised he had been cheated after finding that the dollar bills he got from the suspects were counterfeit.

Thailand: Banhan Says Foreign Minister Not To Resign

BK2803062296 Bangkok THE NATION in English 28 Mar 96 p A3

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Shanghai — Prime Minister Banhan Sinlapa-acha yesterday expressed "strong confidence" that Foreign Minister MR [Mom Ratchawong — royal title] Kasemsamoson Kasemsi will not quit his Cabinet post.

The premier, who is on a six-day official visit to China, said he met Kasemsamoson two days before he embarked on the trip. He quoted the foreign minister as saying that reports about his resignation were "untrue."

He said Kasemsamoson had assured him he had no intention of quitting the post.

The foreign minister was also quoted as saying he would have to stay on to help the premier with many upcoming international events, such as the ASEAN and Asia-Pacific Economic Cooperation meetings.

"Two days before the (China) trip, I had a talk with Foreign Minister Kasemsamoson. He told me he did not insist on quitting his job," the premier said.

Banhan strongly emphasized and repeated several times that "he (Kasemsamoson) will not quit" and urged reporters not to ask the foreign minister leading questions about resigning.

He said he would hold another meeting with Kasemsamoson after his return to Bangkok on Friday. Kasemsamoson was to accompany Banhan on the China trip, but because of family matters had to back out.

Kasemsamoson has been in the ministerial position for only a few months, and frequent changes of foreign minister are not a good practice in the eyes of the world community, he added.

The premier said Kasemsamoson is respected and recognized by all ASEAN and European foreign ministers.

He said he had not heard about Kasemsamoson's latest threat on Monday to resign after the upcoming no-confidence debate in the House.

Kasemsamoson still has a number of international missions to complete, including the upcoming ASEAN tours to Brunei, Singapore, Malaysia and Indonesia.

"He (Kasemsamoson) still has a number of responsibilities to perform. He has to accompany me on many foreign visits," said Banhan.

He said Kasemsamoson was a capable person who has completed many successful missions without revealing them to the public.

The premier urged the media to publicize Kasemsamoson's work and to encourage him to stay on.

Nam Thai deputy leader Siri Thiwaphan yesterday said his party's executive board wants Kasemsamoson to stay in his post.

Vietnam

SRV: Uzbekistan President, Delegation Begin Visit

BK2903064296 Hanoi VNA in English
0553 GMT 29 Mar 96

[FBIS Transcribed Text] Hanoi VNA March 28 — Uzbekistan President Islam Karimov was given red carpet welcome at the presidential palace this morning as he starts an official three-day visit to Vietnam.

President Karimov and his entourage were greeted by Vietnamese President Le Duc Anh, Deputy Prime Minister Nguyen Khanh, Foreign Minister Nguyen Manh Cam, head of the Presidential Office Nguyen Viet Dzung, Mayor of Hanoi Hoang Van Nghien and other senior officials.

Shortly after the welcoming ceremony, the Uzbekistan president was cordially received by his Vietnamese counterpart Le Duc Anh who spoke highly of the traditional friendly relations between the two countries. President Anh also noted that President Karimov's visit would not only further promote the bilateral friendship but also usher in a new era in the cooperation to commensurate with each country's potential for the interests of the two peoples.

Mr. Islam Karimov stated that the current visit to Vietnam by the first ever Uzbekistan president since the establishment of the diplomatic ties between the two countries in January 1992 aimed at enhancing the time-honored relations between the Uzbekistan and Vietnamese peoples, and inquiring into opportunities for bilateral cooperation for the benefit of each country.

On the day President Le Duc Anh and his Uzbekistan counterpart signed a treaty on the foundations of bilateral relations.

Some agreements on the formation of an Inter-Governmental Commission for Economic, Commercial and Scientific and Technological Cooperation, on avoidance of double-taxation, and on investment encouragement and protection were signed by Deputy Prime Minister Nguyen Khanh and his counterpart V. A Tregien.

Foreign Minister Nguyen Manh Cam and Foreign Minister Mr. A.K. Kamilov, signed agreements on science and technology cooperation, and on tourism.

Earlier this day, the Uzbekistan president, his wife and entourage laid a wreath at the martyr memorial monument and paid tribute to the late President Ho Chi Minh at his mausoleum.

SRV: Le Duc Anh, Uzbekistan President Hold Talks

BK2903064196 Hanoi VNA in English
0602 GMT 29 Mar 96

[FBIS Transcribed Text] Hanoi VNA March 28. — Talks were held here this morning between Vietnamese President Le Duc Anh and Uzbekistan President Islam Karimov who is now on an official visit to Vietnam.

Present at the talks on the Vietnamese side were Deputy Prime Minister Nguyen Khanh, Foreign Minister Nguyen Manh Cam, head of the Governmental Office Nguyen Viet Dung and Vietnamese Ambassador to Uzbekistan Nguyen Van Dac and on the Uzbekistan side, Deputy Prime Minister V. A. Tregien, Foreign Minister A. Kamilov and leaders of several ministries.

President Le Duc Anh hailed the first official Vietnam visit by the Uzbekistan president as a vivid expression of the existing friendship between the two countries creating a stable basis for the development and expansion of this relation.

Mr. Anh briefed his guests on the important achievements recorded by the Vietnamese people in their renovation process and in implementation of their external policy of independence, sovereignty, and diversification and multilateralisation of international relations. He affirmed the Vietnamese people's determination to develop their tradition of self-reliance and to continue their renovation cause to achieve the goal of a strong country, prosperous people, fair and civilized society.

He also said that the 8th National Congress of the Communist Party of Vietnam which will be held this year was a political event of paramount significance, ushering in new prospects for the country to further advance on the road of industrialisation and modernisation.

The Vietnamese president expressed thanks to the Uzbekistan people for their precious support and assistance to the Vietnamese people's cause of national construction and defence and affirmed:

'Vietnam attaches importance to the consolidation of the traditional friendship and the strengthening of cooperation in all fields with Uzbekistan on the basis of mutual respect, equality, mutual benefit for peace, cooperation and development'.

President I. Karimov highly appreciated the great achievements recorded by the Vietnamese people in their former struggle for national liberation and defence as well as in their renovation cause and in implementation of their open-doovr external policy and integration into regional and international community.

He also spoke about his country's socio-economic achievements in national economic reform and construction, and noted with satisfaction at the constant consolidation and development of the friendship and multifaceted cooperation between Vietnam and Uzbekistan.

The two sides discussed orientation and measures to further boost their multi-faceted cooperation, particularly in areas such as metallurgy-mining exploitation, textile, transport and communication, food processing, tourism and trade. They focussed discussions on how to make their bilateral cooperation commensurate with each country's potential for mutual interests and for peace, independence, cooperation and development in Asia and the world as a whole. Both sides also exchanged views on regional and international issues of common concern.

This evening, President Le Duc Anh and his wife gave a banquet in honour of the Uzbekistan president, his wife and entourage.

SRV: President, Uzbek Counterpart Praise Ties at State Banquet

BK2903114796 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 28 Mar 96

[FBIS Translated Text] As reported, His Excellency Uzbek President Karimov, his wife, and his entourage are on an official friendship visit to our country. A solemn reception was held at the Presidential Palace this morning. State President Le Duc Anh warmly received and held talks with President Karimov. After the talks, a ceremony was held to sign bilateral cooperation agreements. In the afternoon, President Karimov met with Prime Minister Vo Van Kiet and paid a courtesy call on General Secretary Do Muoi. General Secretary Do Muoi warmly received President Karimov.

At 1900, President Le Duc Anh and his wife held a state banquet in honor of President Karimov, his wife, and his entourage. Attending the banquet on the Vietnamese side were Deputy Prime Minister Nguyen Khanh; Foreign Minister Nguyen Manh Cam; Presidential Office Director Nguyen Viet Dung; Hoang Van Nghiem, chairman of the Hanoi People's Committee; and other ministers and deputy ministers.

At the banquet, President Le Duc Anh delivered a speech welcoming the first president of the Uzbekistan Republic to pay an official visit to our country:

[Begin Le Duc Anh recording] Your Excellency President Karimov and wife, distinguished Uzbek guests, and friends: On behalf of the SRV state and people, I heartily welcome his excellency the president, his wife, and our distinguished Uzbek guests on their official friendship visit to Vietnam. They bring the warm friendship of the Uzbek people to our people.

The peoples of Vietnam and Uzbekistan have enjoyed close friendship and fine cooperation in many fields. The Vietnamese people always remember the earnest support and assistance of the Uzbek people for the Vietnamese undertaking of national protection and construction. This is a precious reality that links our two nations. It is also the foundation for the development of stable and firm relations between the two nations of Vietnam and Uzbekistan. We always observe with profound affection and are very joyful at the achievements recorded by Uzbekistan under the leadership of his excellency the president. We strongly believe that the Uzbek people are industrious and creative with a proud historic tradition, and under the leadership of his excellency the president will successfully build an Uzbekistan that is prosperous and contributes greatly to the cause of peace, cooperation, and development in Central Asia, Asia, and the world.

Your Excellency, your visit takes place at an important time in our country. The eighth national congress of the Communist Party of Vietnam is about to be held. This is an important event in our national political life. It will open new prospects for our country to enter a period of industrialization and modernization for the goal of a prosperous population, powerful nation, and equitable and civilized society.

The Vietnamese Government and people always treasure, consolidate, and strengthen their loyal friendship and multifaceted cooperation with the Uzbek people. I believe that your visit and the documents that have been signed by our two countries will open new prospects for accelerating the strengthening and development of the fine and friendly cooperation between the two countries for peace, cooperation, and development in the region and the world.

With that belief, I would like to toast the happiness and prosperity of the Uzbek people; the close friendship and cooperation between our two countries; and the good health of his excellency the president, his wife, our distinguished guests, and all friends. [end recording]

After that, President Karimov delivered a reply:

[Begin Karimov recording in Uzbek fading into Vietnamese translation] First, I would like to express thanks for the hearty reception we have received in Vietnam, a land of hospitality. I am pleased with my first opportunity to visit your beautiful country. The Uzbek people always reserve great affection for the peace-loving Vietnamese people because our two peoples share the common characteristics of industriousness; discipline; and respect for senior citizens, history, and traditions. Our two countries also share similar historical fates. The fertile lands of Uzbekistan and Vietnam have been invaded by many foreign enemies over many centuries. Our two peoples have had to take up arms many times to protect our freedom and sovereignty.

Today, our two independent nations are conducting renovation policies. In this great and complicated undertaking, of course, each country has followed its own way and outlined separate paths according to its own capacities and traditions. We have achieved the best development rate among the Commonwealth of Independent States in fundamental domains such as political stability, national conciliation, social security for the people, and economic stability. Uzbekistan is the first CIS country to extricate itself from political, social, and economic crisis.

Today, I have met and held extensive talks with the SRV leaders. We shared the common view that our two countries have great potential for comprehensive cooperation for mutual benefit. Vietnam started its reforms first and has recorded impressive achievements. We are really happy with your achievements. We have paid attention to exchanging experiences in reform. We also have things to share with you, friends. I believe that our visit to Vietnam — a land of hospitality — and future return visits to Uzbekistan by Vietnamese leaders will contribute to strengthening friendship and equal cooperation between the peoples of our countries. [end recording]

SRV: NHAN DAN Editorial Welcomes Uzbek President's Visit

BK2803151696 Hanoi VNA in English 1247 GMT 28 Mar 96

[FBIS Transcribed Text] Hanoi VNA March 28—Uzbekistan President Islam Karimov's official Vietnam visit which begins today will be a turning point in the traditional relations between the two countries, the national daily NHAN DAN says in an editorial on Thursday.

"This three-day visit, the first ever by a Uzbekistan president since Tashkent and Hanoi established diplomatic ties in January 1992, will help further promote their traditional friendship and bilateral cooperation, bringing these ties to a new level of development," the newspaper notes.

"Becoming an independent state in 1991 after the collapse of the former Soviet Union, Uzbekistan has carried out reforms for national development in the line of a market economy. Last year a remarkable improvement in the economic and financial situation in the country with the increase in the production of agricultural, industrial and consumer goods. Total investment capital rose and accounted for seven percent of Uzbekistan's GDP (against four percent in 1994) and the inflation rate dropped 3.7 times, compared to 1994," the paper says.

It continues: "This visit will not only enhance the Uzbekistan- Vietnam friendship and cooperation for mutual interests but will also benefit peace, stability, cooperation and prosperity in the region and the world at large."

President Karimov's visit is focussing on strengthening mutual cooperation, particularly in economy and trade.

Since the official relationship was established, Uzbekistan has become a regular trading partner [words indistinct], which exports rice, other agricultural products and garments to Uzbekistan and imports cotton from that Central Asian country.

The two sides signed agreements on economic and trade cooperation in early 1994 and a civil aviation in mid-1995. A memorandum of understanding between the two foreign ministries was signed on February 1.94. Both Uzbekistan and Vietnam are now seeking business opportunities in each country to boost their bilateral cooperation.

President Karimov is accompanied by Deputy Prime Minister V.A. Chizhen, Foreign Minister A. Kamilov and officials from several ministries and departments of the Uzbekistan Government. Several agreements on economic, scientific and technological cooperation, and investment encouragement and protection are expected to be signed during this visit.

SRV: President, Prime Minister Receive Cambodian Minister

BK2903070096 Hanoi VNA in English 1716 GMT 28 Mar 96

[FBIS Transcribed Text] Hanoi VNA March 28 — State President Le Duc Anh and Prime Minister Vo Van Kiet received here on separate occasions Cambodian Deputy Prime Minister and Minister of Interior and National Security Sar Kheng now on a working visit to Vietnam.

President Anh hailed Mr. Sar Kheng's visit as a manifestation to continue strengthening the friendly and cooperative relations between the two fraternal neighbouring countries. He reiterated Vietnam's consistent policy of respecting national independence, sovereignty and territorial integrity of all countries, and working together with all neighbouring countries including Cambodia to build their common border into the one of lasting peace and friendship.

President Anh spoke highly of the results of the recent talks between delegations from the Cambodian Ministry of Interior and National Security and from the Vietnamese Ministry of the Interior which were designed to further strengthen their cooperation, particularly in the fight against criminals to ensure security and social order in the Vietnamese-Cambodian border areas. This, he said, would make a positive contribution to the consolidation of the traditional friendship in the interests of each country and for peace, stability and development in the region.

Speaking to his Cambodian guest, Prime Minister [PM] Kiet noted that the bilateral cooperation in the interior and security affairs, which is of important significance in the national construction and defence of Cambodia and Vietnam, will help build their common border into the one of peace and friendship, and protect both the Cambodian and Vietnamese nationals now living or working in each country's territory.

PM Kiet made it clear that Vietnam has strictly implemented the agreements reached upon by the two countries' leaders in developing its friendship, all-sided cooperation with Cambodia as well as in resolving outstanding issues between the two countries. He said he strongly believed that there is not any problem relating to bilateral relations, even big or small, remaining unsolved yet.

After informing the Vietnamese leaders of the results of his talks, Mr. Sar Kheng stressed that Vietnam and Cambodia has no dispute in their relations, saying that outstanding issues will be setled through peaceful negotiations on the principle of respecting each other's national independence, sovereignty and territorial integrity. He also said that Cambodia will do its best to consolidate and expand friendship and multilateral cooperation with Vietnam, especially in the combat against criminals to ensure security and social order in border areas, and closely cooperate with each other to protect their Vietnamese and Cambodian nationals living in their respective countries.

SRV: Visit of Netherlands Trade Minister Reviewed

BK2903074896 Hanoi Voice of Vietnam in English 1000 GMT 26 Mar 96

[Station commentary]

[FBIS Transcribed Text] The visiting Dutch minister of trade, Mr (Van den van Vieis), has attended an exhibition of Dutch companies in Hanoi and also a seminar on water management. The activities are to promote economic and investment relations between Vietnam and Holland. On this issue, our editor said:

In the 15th century, the first Dutch businessman set foot in Vietnam with trade pacts between Vietnam and Holland taking place at Pho Yen in the present-day Hai Hung Province, about 30 km east of Hanoi; thus, trade relations between two countries have a long tradition. With the current Dutch trade exhibition and a seminar on water management, bilateral relations have been further promoted. Over the past two years, cooperation between the two countries have witnessed many encouraging results. Last year, total import value from Vietnam into Holland was $121 million and export value from Holland to Vietnam reached $40 million. That figure was still modest, as pointed out by the Dutch minister at the exhibition.

Hanoi exhibition attracted many leading Dutch companies which have contributed to economic development between the two countries.

The Vietnamese and Dutch Governments are making all-out efforts to create favorable conditions for further investment of Dutch companies in Vietnam. The two countries have signed an agreement on investment encouragement and protection, on the avoidance of double taxation, and on tax evasion. The Dutch Government is also creating favorable conditions for feasibility studies for business opportunities in Vietnam.

The Dutch Ambassador to Vietnam said his country will continue to support at the European Union. Last year, the Dutch Government granted Vietnam $32 million. Bilateral arrears had been written off. With these effective activities, Holland is sharing the Vietnamese people's interest to promote national development and construction.

SRV: Radio Reports 'Record' Export-Import Figures

BK2803151796 Hanoi VNA in English 1223 GMT 28 Mar 96

[FBIS Transcribed Text] Hanoi VNA March 28—Vietnam's export and import turnover for the first quarter of this year achieved USD [U.S. dollar] 1,310 million and USD 2,150 million respectively, up by 24.8 percent and 33.5 percent over the corresponding period last year.

These are record figures in comparison with the corresponding period in previous years, and have contributed to a growth rate of more than 10 percent in industrial production, stabilising goods prices and curbing high inflation.

A very high increase was recorded in the export of crude oil, rice, coal, peanuts, rubber, coffee, frozen sea products and textiles: 570,000 tonnes of rice, 700,000 tonnes of coal, and 2 million tonnes of crude oil, represented from 24.7 to 28.5 percent of the yearly target. Another USD 145 million worth of textiles, saw an increase of 45 percent over the same period last year.

Local businesses grossed USD 460 million from direct exports and spent USD 535 million on imports, while foreign-invested enterprises, directly exported USD 95 million and spent USD 420 million on imports. Ho Chi Minh City achieved the highest foreign trade turnover in the whole country with a rise of 25 percent in exports and more than 40 percent in imports.

In the last three months, the whole country imported 1,150,000 tonnes of petrol, 230,000 tonnes of steel [word indistinct], 820,000 tonnes of cement and clinker, and 200,000 tonnes of urea fertilizer. The importing of motorcars and motorcycles increased between 82.2 - 105.3 percent compared with the same period [word indistinct] year.

Hanoi Sets Up Economic Zones for Industrialization

BK2903045896 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 25 Mar 96

[FBIS Translated Text] As a whole, Vietnam has so far set up three key economic zones as part of its preparations for industrialization and modernization. They are namely the Ho Chi Minh City-Dong Nai-Song Be-and Ba Ria Vung Tau Quadrangle, the Hanoi-Haiphong-Quang Ninh Triangle, and the grouping of central coastal provinces.

By the end of the first quarter of 1996, it has set up six processing zones and 10 industrial zones in the following eight localities: Hanoi, Haiphong, Quang Nam-Danang, Ho Chi Minh city, Dong Nai, Song Be, Ba Ria-Vung Tau, and Can Tho. These zones have initially attracted nearly $1.4 billion in foreign investment. This accounts for nearly seven percent of the total foreign investment registered in Vietnam, including $500 million invested in infrastructure, and over $900 million invested in the building of various enterprises.

Initial results show that at these new processing and industrial zones, 87 enterprises have been set up while the construction of another 75 enterprises are under way.

SRV: National Planning on Airports Construction Completed

BK2903123396 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 28 Mar 96

[FBIS Translated Text] The Institute of Development Strategies under the Ministry of Planning and Investment and the Vietnam Aviation Commission have completed planning on the development of the national airport system until the year 2010. Within the next 15 years, 16 existing airports will be upgraded and expanded, and 16 new airports will be built to ensure the transportation of 20 million passengers per year. The international airports of Noi Bai, Tan Son Nhat, and Da Nang have been confirmed as the three centers of a complete system of airports.

According to experts, it is necessary to concentrate on developing the Dien Bien, Lao Cai, Bac Can, Cat Bi, Vinh, and Dong Hoi airports in North Vietnam. Only helicopter airports should be built in other localities.

SRV: Government Planning Measures To Check Fall in Rice Price

BK2803103496 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 16 Mar 96 p 1

[FBIS Translated Text] Mr. Nguyen Cong Tan, minister of agriculture and rural development, spoke to the press at the Thong Nhut Conference Hall (in Ho Chi Minh city) on 15 March 1996 that peasants now can feel safe despite a decrease in paddy price. According to the minister, the government will soon introduce practical countermeasures to resolve this situation. At present, rice price in the world still remains high (over $300 per tonnes). Vietnam now has many long-standing customers such as Iran, iraq, the Philippines, and others. Rice price in the northern part of Vietnam is 1,000 dong higher than in the south. This is due to shipping congestion and is not a repeat of the situation in 1991.

SRV: Workers Strike at Korean Luggage Company in Song Be

BK2903044596 Hanoi LAO DONG in Vietnamese 21 Mar 96 pp 1,4

[Report by Cao Hung]

[FBIS Translated Text] Nearly 1,000 workers of the Shincho Vina travel luggage export company (with 100 percent investment from Korea) in Song Be Province staged a strike at 1230 on 16 March to protest against the management's refusal to apply labor regulations.

In the presence of representatives from the Song Be Provincial Labor Union, the provincial office of war invalids and social welfare, and the local media, strikers handed a 13-point list of demands over to the company's board of directors. The workers claim they had to work under harsh conditions in the past three years. They say the company also forced them to work extended shifts — about 14 additional hours per week without receiving appropriate payments — and to make up for the hours they stopped working because of electrical outages. In certain cases, they were ordered to work night shifts without receiving any advance notice or additional pay. As for wages, the company uses a general payscale for all workers irrespective of their skills; the lowest earner receives 260,000 dong per month and the highest 390,000 dong per month. Therefore, a situation exists where a skilled garment worker is paid less than an unskilled one. The company had promised to raise the wages of long-time workers but it has never done so.

Last month, the company cut the monthly incentive pay for workers without explanation. Also, the sanitary requirements of workers during working hours were not given due attention and there is no separate toilet for women. Whenever a worker wants to go to the toilet, he or she has to get a pass. Why? For the past two years, the company has not given annual leave to workers. Noteworthy is that although the company has been in operation for three years now and the trade union has long been established, it has not signed a labor contract and a collective labor agreement with the trade union yet.

It is reported that on 25 August 1994, outraged over similar violations of labor regulations, the workers filed a petition to the authorities and planned a labor strike. However, thanks to timely reconciliation efforts, the planned strike was canceled. Later, provincial authorities on several occasions reminded the company to comply strictly with labor regulations. In September 1995, the Song Be Provincial People's Organ of Control also issued a protest note demanding that the company's director-general promptly correct the serious mistakes in the implementation of the labor regulations. But, the management ignored it. So far, the company has not yet paid 332,071,000 dong in social security contributions to its workers and $20,885.25 in income tax.

Speaking to a joint inspection team following the strike, Mr. Sang Duck Choi, company's director-general admitted that the workers' demands are legitimate and that the strike was the inevitable consequence of the violations committed by the company over the past two years. Mr. Choi has also pledged to immediately meet with the pressing demands of workers and to correct all the existing mistakes within three months' time.

SRV: Voice of Vietnam Convenes Party Organization Congress

BK2803131196 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 27 Mar 96

[FBIS Translated Text] The Voice of Vietnam [VOV] party organization convened its congress from 26-27 March. Comrade Ha Dang, member of the party Central Committee and director of the party Central Committee Ideology and Culture Department, and Comrade Ha Hoc Hoi, secretary of the Central Ideology and Culture Bloc party committee, attended the opening of the congress. Comrade Mai Thuc Long, secretary of the VOV party organization, presented a report on the VOV party organization's past achievements.

The following was reported: During its term, the VOV party organization has motivated party members to perform their political tasks in an exemplary manner, thus helping the VOV party organization earn its place among the strong party organizations of the Central Ideology and Culture Bloc.

The party organization has also attached due importance to the recruitment of new party members, particularly among youth. Being the state's electronic paper, the VOV has done a good job over the past years in propagating the party-initiated political tasks and, particularly, in keeping everyone informed of the success of the national renovation process over the past 10 years. The VOV will continue to make efforts to improve the quality of programs and upgrade equipment. Steps will be taken to modernize the radio broadcast service step-by-step in order to contribute to the process of national industrialization and modernization.

Speaking on this occasion, Comrade Ha Dang commended the VOV for its endeavors to fulfill the task entrusted by the party and state. He also maintained that, together with developing its past achievements, the VOV should try harder in the days ahead to win the hearts of radio listeners and to make its prestige and image felt more in society.

The delegates contributed suggestions to the documents of the Eighth National Party Congress and the political report of the executive committee of the Ideology and Culture Bloc party organization. They also adopted an eight-point action program, with emphasis placed on the need to institute measures to improve the quality of radio programs, to avoid the danger of being left behind, and to strive for pure and strong party organizations.

SRV: Vo Van Kiet Chairs Monthly Government Meeting

BK2903020996 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 28 Mar 96

[FBIS Translated Text] The government held its March monthly meeting in Hanoi on 27-28 March under the chairmanship of Prime Minister Vo Van Kiet. The government heard reports and discussed the situation regarding the state budget implementation in the first quarter of 1996 and measures to fulfill the second quarter tasks. Planning and Investment Minister Do

Quoc Sam and Finance Minister Ho Te presented reports.

The government came to the opinion that the socioeconomic situation in the first quarter of the year progressed comprehensively following the fine development momentum of 1995. Agricultural and industrial production output developed at relatively good rates, imports and exports increased, the flow of goods, supplies, materials, etc., circulated fairly well, thus responding well to the production and consumption demands of the people. The financial and monetary sector also achieved some encouraging progress. Budget revenue collection showed a very good start, and prices were maintained at reasonable levels. Scientific, cultural, social, educational, and public health activities, and the implementation of Decree Nos. 87-CP and 88-CP on the suppression of social vices and restoration of order and discipline in cultural activities and cultural services have been carried out positively. National defense and security were firmly safeguarded.

Regarding major measures for the implementation of tasks during the second quarter of 1996, members of the cabinet confirmed that the budget revenue-expenditure work should be carried out well. Price stability should be maintained, and guidance will be continued for better performance in industrial and agricultural production, business, and import-export. Capital construction will also be accelerated. More regulations will be issued to explain and guide the implementation of the laws passed by the National Assembly. The prevention and control of typhoons and floods will be strengthened. The suppression of social vices will be continued. Order and safety on public roads and in urban areas will continue to be restored, and decadent cultural products will be eradicated while healthy cultural life will be encouraged. More enthusiastic efforts will be made to fulfill targets for the second quarter of the year.

Addressing the conference attendants, Prime Minister Vo Van Kiet reminded them that there have been indications of unstable weather, which is a concern for agricultural production and could have unfavorable effects on the livelihood of a large segment of the population. The Ministries of Agriculture and Rural Development and Science, Technology, and Environment and relevant agencies should work closely together to monitor carefully all weather changes and guide the people to prevent disasters and to maintain normalcy in production and life. Investment in capital construction should be enhanced not only to fulfill the targets of capital construction for the second quarter but also to complete that which was left over from 1995 and from the first quarter. In order to be able to fulfill these targets, all ministries, sectors, and localities should work out concrete plans and carry them out resolutely.

The prices of rice and sugarcane are showing some sudden changes. The Ministries of Agriculture and Rural Development and of Trade and the Price State Commission should coordinate with relevant ministries, sectors, and localities to work out effective measures to encourage production activities. Management of imports-exports should be strengthened in parallel with efforts to curb smuggling. More measures to increase budget revenue should be worked out, as there are still vast sources of revenue that have not been exploited.

The government also heard at this meeting a report by the minister of labor, war invalids, and social welfare, who presented measures to help wage earners and social beneficiaries in 1996. Mr. Le Xuan Trinh, head of the Government Office, presented a recapitulative report on sources of the reserve force. The report will be submitted to the National Assembly Standing Committee.

SRV: Voters Express Views to National Assembly

BK2603135796 Hanoi NHAN DAN in Vietnamese 13, 14 Mar 96

[Recapitulative report on voters' views, published in two installments, presented to the SRV Ninth National Assembly's ninth session in Hanoi; date not given]

[FBIS Translated Text] [13 Mar p 1, 3: "A Compilation of the Voters Ideas Nationwide at the Ninth National Assembly's Ninth Session"] On the occasion of the Ninth National Assembly's eighth session (in October 1995), voters countrywide gave the National Assembly, the government, and authorized agencies more than 400 practical suggestions and views on many aspects of the national socioeconomic life. Their views were studied for inclusion in the action programs of the National Assembly Standing Committee, the Nationalities Council, and other National Assembly committees. Based on the voters' views and suggestions, the government instructed ministries and branches to review and adjust a number of policies to make them consistent with real-life situations and gradually respond to voters' requests and suggestions concerning investment, agricultural production promotion, rural development, land use and management, capital mobilization and utilization, management of import-export activities, renovation of the mechanisms and operating procedures of the credit and banking sectors, ways to increase budget revenue collection, and measures to effect and promote social and cultural development as well as to resolve social issues.

The voters' views and suggestions concerning investment in infrastructure building in support of agricultural production and rural development, the agricultural products export market, wage systems, sources of investment in education and training, preferential treatment for beneficiaries of the state welfare policy, and a number of other issues are being thoroughly considered by state agencies.

On the occasion of this session, voters countrywide continued to give the National Assembly, the government, and authorized agencies many views and suggestions concerning various aspects of national socioeconomic life.

Based on reports on voters' views solicited by National Assembly delegations, the Nationalities Council, and other National Assembly committees or aired through the mass media, this report focuses on major issues raised by voters.

General Remarks

The majority of voters countrywide noted with pleasure that over the past years, particularly in 1995, our country has recorded important achievements in all fields. The economy has continued to grow at a fairly rapid but steady pace. Political stability and public security and order have been firmly maintained. Sustained and energetic diplomatic activities have constantly enhanced our country's image. The confidence of the masses has been consolidated with every passing day. The people's living conditions have been gradually ameliorated.

Voters expressed concern because no practical and concentrated efforts have been made to resolve a number of problems, social vices have been on the rise, and corruption and smuggling have dragged on.... Our country has extricated itself from a crisis situation but the people are worried because the current development of an underground economy may lead to new crises. They are afraid that because joint ventures with foreign countries display many loopholes and cause many losses, it will take our children and grandchildren many years to settle debts. The National Assembly and the government should discuss and study ways to mobilize all domestic capital sources and take positive measures to attract foreign investment to effectively implement the industrialization and modernization program in the entire country and in each locality.

On the Economic Front

With regard to agriculture and rural development and agro-forestry production, the majority of voters maintained that over the past years, the application of new state policies and lines has benefitted peasants, helped promote agricultural production, and generated fine results. They also noted that in spite of bumper crops, the peasants' average per capita income is low whereas the prices of materials and agricultural production support services are high and left to float because of the lack of tight price control measures.

The state should conduct experimental investment projects in a number of provinces and set up production models and then apply them to other localities, particularly to areas falling under the rural economy restructuring program. Efforts must be made to increase funding and provide technical assistance to animal husbandry, livestock breeding, and gardening. It is necessary to renovate the agricultural personnel policy and send more scientific-technical cadres to work in the countryside. Because the allocation of a fund for Program 327 has to go through many levels, no high results have been achieved and the people still endure many disadvantages. The state should assess investment results and review investment mechanisms to ensure that investment capital reaches the people. It should also check and clearly set collection amounts and other contributions by peasants to do away with the current practice of arbitrary tax collection. Many voters maintained that the agricultural tax should be abolished because its collection is insignificant compared with the overall state budget revenue collection and because peasants are in need of capital. If the state has budget constraints, it may give an agricultural tax exemption or reduction to localities where difficulties abound.

In accelerating the development of agricultural production, the state should make more investments in building, repairing, and upgrading various conservancy projects; it should create conditions for the peasants to engage in intensive farming and multicrop cultivation; and it should develop agricultural products. Irrigation fees should not increase in accordance with the rate of productivity increase because this will not encourage the application of scientific-technological innovations to agriculture. The state should continue to increase investments in planting, zoning off, and preserving forests in accordance with Program No.327; it should formulate policies on agricultural promotion aimed at stabilizing and developing the economy; it should strive to overcome the slash-and-burn practice of farming and the shifting cultivation of nomads; and it should formulate national-level plans and policies to cope with flash floods. It is necessary to have an appropriate price policy to ensure the peasant's peace of mind while sealing up loopholes in the market to prevent private traders from fixing their own prices. Attention should be paid to making investment to upgrade the agricultural product processing industry.

Concerning rural development, the voters held that the electrification of the countryside has been the people's dream and aspiration for quite a long time now. However, to carry out this electrification program, the state must spend a considerable amount of money for poor people in the countryside, who are unable to make contributions for the program. The voters suggested that the electricity sector should bear the expenses in supplying electricity to the countryside, especially in areas where peasants have contributed money. This issue has been raised on many occasions, but no action has been taken. It is imperative to have a priority policy on electric fees for the countryside in order to ensure fairness between the city and the countryside in the use of electricity.

The state should formulate a concrete policy on supplying industrial goods and small industrial and handicraft products to the highlands areas, mountainous regions, and former resistance zones; it should formulate an appropriate mechanism to create conditions for state-run enterprises to invest and engage in business in the rural areas, mountainous regions, and rugged zones inhabited by ethnic minorities; and it should provide price subsidies for agricultural products to help people in these areas to have conditions for production and improving their daily life. The state should pay special attention to making investment in building processing establishments and exploiting mines in mountainous regions. This is a task of economic significance that helps build new cities, creates jobs, and resolves a series of social issues. Efforts must be made to quickly build and upgrade roads leading to villages because these roads are in very bad condition at present, causing difficulties in carrying out industrialization and modernization in the countryside.

Concerning the situation for land management and land use, the voters proposed that the state should review and appraise the land management and land use so as to draw on experiences and build a firm supervisory basis suitable for each region. The government should review a number of points in the allocation of agricultural land to households and individuals for steady and long-term use in agricultural production. Efforts must be made to avoid the condition in which a dead peasant still retains the allocated land for his relatives to cultivate until the end of the 20-year term, while newborn babies who have not been allocated any land are subject to obligations toward the state. The state should urge agricultural and forestry sites to allocate their surplus land to the people; formulate a policy on allocating land for agricultural production to retired cadres in the countryside; and limit business joint ventures involving the use of public land. At present, the liberal migration of people from northern to southern provinces has caused difficulty for the administration of these localities in planning for the populated areas. The state should formulate a policy allowing provinces facing difficulties with cultivated land to move people to southern provinces for cultivation. It is necessary to amend and supplement the 14 October 1994 regulation, Decree No. 18/CP, and Circular No.02 on land so as to help enterprises overcome obstacles in real estate business activities.

Concerning maritime products, voters in coastal areas said that a large number of shrimp-rearing establishments have been damaged in recent years, causing very serious losses to the producers; yet the Ministry of Water Conservancy has not found the cause of this damage. This issue was raised by National Assembly deputies in previous sessions. The voters asked for efforts to clarify this issue soon to help the people have a firm base for production development, and for efforts to formulate a long-term investment plan for a segment of the peasants to shift to maritime product exploitation.

Regarding industry, the voters believe that in order to introduce the share-holding system into industrial enterprises satisfactorily it is necessary to rearrange the state-owned economy, determine what enterprises can call for equity capital and the amount of equity capital required by each enterprise, conduct auditing activities to evaluate the value of existing assets and consider capital structure in each enterprise to create trust among share investors, and accelerate the setting up of the stock market. The government should study and supervise the import of machinery, quickly establish key industries in the national economy, concentrate on planning joint venture projects, call for capital investment, and boldly invest in enterprises with promising prospects.

In small industry and handicrafts, it is necessary to encourage and develop traditional skills and local professions to attract more labor, skillfully introduce modern technology for the production of traditional products, pay more attention to small industry and handicraft establishments and workers to generate more jobs and transform the economic structure in rural areas, encourage the nonstate economy with concessionary policies, improve local infrastructure, and develop small industry and handicrafts.

Voters in some localities hold that the import of industrial commodities that can be produced locally (such as garments and processing products) is still common. This creates a disadvantage for local products. To stop this, the government should limit or ban these products to protect local production. The government should apply measures to control the import of agricultural machinery that is of poor quality, has been reconditioned, or breaks down easily. It should also quickly introduce structures to control the import and use of fertilizers and insecticides and introduce policies to encourage the import of biochemical products to limit environmental pollution and bad effects on production and public health.

The voters hold that the allocation of quotas is still inappropriate and does not create the conditions to regulate our economy firmly. To improve this, the government needs to grant a total quota for each province and city that is directly subordinate to the central government. Then these provinces and cities can allocate the divided quotas to all enterprises. It is necessary to grant large quotas for key import-export enterprises so these enterprises can help the government regulate the market when necessary. At the same time, the government should adjust the storage limit of other import-export enterprises to support and create conditions for the stabilization of the local market and for fair, just, and healthy competition among various enterprises in all economic sectors.

The voters hold that there are many pressing problems in capital construction because the investment capital from the state budget is too small. Lack of funds leads to the prolongation of some construction projects, the emergence of negative phenomena, inaccurate budget planning, waste, and bad effects on workers' lives. Bad debts among various units and between companies and their employees are quite common. Many construction projects suffer severe degradation after a short period of use. The government needs to perfect legal documents on capital construction and introduce concrete measures to improve construction quality, avoid losses, and apply policies to concentrate on the construction of approved projects. Every year, the government should publicly announce funds for capital construction in all localities.

At present, a prominent problem in cities is the slow completion of detailed plans by different branches and localities due to lack of funding. The slower we are in planning, the more unorganized we are in construction. This causes more uncontrolled construction. This also leads to costly adjustment and clearance and brings about more complicated issues in the future. The government should consider this an issue that needs more attention in some cities.

Many voters welcome the suspension of the corporate tax for the banking sector to reduce bank loan interest. Others hold that this will cause difficulties for commercial joint stock banks because commercial state banks enjoy more advantages than joint stock banks in banking deposits and business capital. They also hold that the limit of 0.35 percent over the difference between loan interest and savings interest is unreasonable because the limit will hold savings deposits in check, thus discouraging banks from exploiting their full potential in attracting more deposits. Others suggest that the corporate tax for banks should not be suspended because banks are economic units engaging in monetary services. To reduce loan interest, banks should reduce their operational expenses. The increasing availability of installment purchase with the participation of nearly all banks should be an issue of concern. Due to competition, these banks have applied credit regulations loosely to the extent that they grant loans without mortgages. To overcome this situation, the State Bank should limit the level of credit for installment purchase, introduce mandatory controls and checks over banks that have participated in loan services for installment purchase, and ask these banks to apply the credit policy and regulation correctly.

Regarding the activities of the banking sector, voters suggest that the banking authority consider the early establishment of a universal loan interest proportion between domestic and foreign currencies; increase the funding for medium and long-term credit loans; give high priority to minority ethnic people, rural areas, remote and out-of-the-way areas, and areas that were once revolutionary bases; simplify procedures for loan applications; encourage cadres and state employees to open individual bank accounts and use checking accounts; increase credit sources to meet the people's demand for capital for production; and reduce interest rates for poor loan recipients from 1.2 to 0.6 percent.

Regarding taxes, voters think there are still illogical provisions in import-export taxes as well as unequal treatment between domestic and foreign investments. For instance, joint ventures with foreign partners producing interior decoration items used in hotels and the tourism industry enjoy encouragement and exemption or reduction in taxes, while domestic investors in the hotel industry pay a high import tax (35-45 percent) for similar items. The state should have a preferential tax policy to encourage the growth of domestic economic potential. Annual adjustments to business taxes are necessary, but should only be carried out once or twice a year at appropriate times, not three or four times a year, as this causes instability in market prices. It is necessary to give priority to the beneficiaries of social entitlements, move them off the taxpayers list, and establish a complete policy on preferential treatment for these targets in order to achieve fairness while determining the tax obligations of various targets and avoiding negativity in the implementation of state taxes. Collection of transport taxes through the sale of gasoline is correct. Nevertheless, there are means of production such as machinery used in agriculture, forestry, and fisheries that are subject to transport taxes through gasoline though they are not involved in transportation. This is illogical and should be reconsidered.

Taxes on the transfer of land use rights and house and land taxes are still too high for rural areas in the highlands. There should be different rates applied to different regions and areas. Business registration taxes should be divided into smaller categories to reflect more precisely the diversified situation of the people's business and trading activities. Exemption or reduction in taxes should be given to units and enterprises starting new businesses or production activities in fields that deserve encouragement. Exemption or reduction in agricultural taxes should be given to households that have family members staying in disabled servicemen treatment centers, even though these members are not registered at their family addresses. The state needs to reduce the export tax on aquatic products from 3 to 1 percent or even zero, reduce the turnover tax on lacquer and fine arts products from 8 to 5 percent, and draft a bill on registration duty to be used as the legal basis for levies on the transfer of property. The collection of fees should also be put into law or ordinance to help boost efficiency in management and avoid inconveniencing people with haphazard fee collection.

Regarding budget revenue and expenditure, many voters suggest that the government determine logical and feasible sources of revenue to avoid the underachievement of the state budget due to the nonexistence of proposed revenue sources. On the other hand, there should be more concerted coordination between the Revenue General Department and the Statistics General Department in the decisionmaking process regarding tax collection on petty trading households. The proportion of budget allocations between levels should be kept unchanged in a period from three to five years to create stability in planning and capital construction for localities. Import-export taxes collected by provinces that are still unable to maintain a balanced budget should be given to relevant provinces to help manage their budgets better. The budget management structure at the village level should be refined with the enhancement of responsibility of local authorities in management and the exploitation of revenue sources.

[14 March, p 1, 4: "A Compilation of the Voters' Ideas Nationwide at the Ninth National Assembly's Ninth Session"]

On the Social-Cultural Front

Many voters maintain that the local traditional folk festivals' organizations are still affected by the rituals, and that bad practices, such as gambling, drug addiction, and fortune-telling, still exist. The state prohibits social vices, but it levies taxes on the business activities of stores that sell paper votive objects. These stores are failing to aid the antisuperstition campaign. The infringement upon cultural relics and places of scenic beauty still exist. No concrete measures have been taken to decentralize the management of cultural development projects. The lack of uniform management procedures has led to arbitrary, ineffective, and improper management work. To attract tourists and create a sense of comfort and security for them, the state should restore order at the festivals and cult activities, and should dispose of fortune-telling and gambling activities in those places. It is necessary to have measures to preserve and promote national cultural traits within the market mechanism. For tourism to flourish, the state must formulate a policy to preserve and repair places of scenic beauty and historic, or cultural, relics. It should also train its tour guides to be highly professional.

The state should invest in improving the cultural and social life in deep and remote regions and areas inhabited by ethnic minority compatriots. More investment is needed to increase the number of programs aired by the mass media to propagate laws, promote a civilized lifestyle, and keep everyone informed of nice people, good deeds, and outstanding production models. Steps must be taken to expel indiscriminate, boring, and culturally unfit commercial ads. It is necessary to prohibit the circulation of imported videotapes, books, papers, and magazines with decadent or violent content. Plans must be worked out to build more radio and television relay stations in the mountain provinces to improve the intellect of the local people. It is necessary to work out solutions to overcome limitations and weaknesses on the cultural front by investing in the creation of cultural and art works and in the production of videotapes, music cassettes, books, newspapers, magazines, and other cultural materials with healthy contents.

Regarding cultural and social issues, voters noted the need for the state to devote more efforts to resolve the unemployment problems facing today's youth. Many young people have diplomas, but cannot find employment. Some of them then become involved in social vices or criminal activities, because they do not have employment opportunities. Once the agricultural crop season is over, portions of the surplus work force move to the urban areas to look for employment, creating a "human market," which lacks organization, and affects public security and order. The state should establish policies and measures to overcome this situation.

Education and Training

Voters said that because standardizing elementary education in mountain regions and inaccessible or remote areas is difficult, the state should establish policies and measures to accelerate this standardization process and should attempt to prevent illiteracy in those areas. Vocational training currently only goes after market demands and belittles quality and human resources needed to meet future socioeconomic development needs. The state should improve the school curriculum, subjects, and teaching methods at an early date. Greater efforts must be made to teach biology, and environmental and electronic technologies at universities, and foreign languages at Level II schools. It is necessary to sum up and evaluate results from the recruitment and selection of ethnic minority students over the past five years. It is necessary to end the recruitment and selection of candidates who do not meet the eligibility criteria, review the cases of candidates who no longer meet current requirements, and take the appropriate actions.

The state should ensure the construction of well-built schools in localities where difficulties abound (mountain regions and coastal areas). Greater efforts must be made to build semi-boarding schools in villages of deep or remote localities and areas inhabited by ethnic minority compatriots. The state should adopt incentive measures to encourage teachers to relocate to mountain regions and deep or remote areas. Steps must be taken to consolidate and develop the system of boarding schools for ethnic minority students. Attention must be given to the teaching and learning facilities of kindergartens, particularly those in the countryside, and to the improvement of the wage system for kindergarten teachers. It is necessary to specify the contributions of parents to avoid the arbitrary collection of parents' contributions by local officials. Since school tuition is still high and unequal, voters recommended collecting tuition from elementary school students, and suggested that exemptions be given only to students who are beneficiaries of the state welfare policy.

The state should have measures to attract more able students to technical colleges, including the application of supportive measures such as giving scholarships or granting exemption of school fees for bright but poor students in primary and junior high schools in rural areas. Assistance of this kind would truly help parents of such children overcome the problem of meeting the costs of education. Any changes to original textbooks should be carried out with the utmost care, and the books should be tested in pilot projects first before they are used universally. More attention should be paid to education in national traditions, history, morality, and law. Some voters suggest the reestablishment of ancillary schools so that cadres and their children can further their education standards even though they are not able to attend mainstream schools. School fees should be lowered for poor families in rural and remote areas, thus creating conditions for children of these families to continue their education in universities and colleges. The education and training sector should review the policy of a 120-week education program for students in mountainous areas instead of the regular program of 165 weeks, as the implementation of this program is impractical and is affecting the quality of educational standards. A number of voters think that the higher minimum marks for admittance to universities and colleges set for applicants in the economic-science-technology bloc in comparison to those for the teacher training bloc, will inevitably lower the quality of the education and training sector.

The comparative salary scales between teachers who work in management positions in education offices or sections and teachers who teach in classes still show flaws (the salaries of the first group are usually lower than those of the teaching group, who also enjoy an extra allowance of 20 percent for taking classes). In order to ensure fairness among all workers in the education sector, the two groups of teachers should be treated similarly in terms of remuneration.

Public health policy and regulations

Voters have petitioned the state to review the policy of levying part of the cost of treatment on patients, as the great majority of poor people are not able to contribute to the costs of treatment when they go to hospital. Hospitals providing free treatment for poor people should be established. Appropriate measures and regular supervision should be worked out to prevent negative practices in the medical examination and treatment of people, to avoid discriminatory treatment between people who have medical insurance policies and those who do not, and to prevent the indiscriminate distribution of medicines to medical insurance cardholders. The length of time required for the application of a medical insurance card should also be reconsidered.

The state should review the policy toward medical staff at the commune and ward levels, and provide incentives to encourage medical staff of remote and outback areas. Cadres and employees of the public health sector should be entitled to enjoy length-of-service benefits just as their counterparts in the education sector do. The size of the medical staff should be decided on the basis of the number of people being serviced, not on the number of beds, as in the current regulations. Training and retraining should be provided to the contingent of medical staff in mountainous areas. Grass-roots medical establishments in remote areas and areas with minority ethnic people should receive more investment.

Social policies

Voters suggest that the government review its decision to halt recognition of people's contributions to the resistance, because there are still many cases where people with meritorious contributions to the resistance have not received the rewards to which they are entitled. The time frame for the recognition of people's meritorious deeds should be extended, with an increase in the size of staff responsible for this task. People with meritorious contributions should receive a one-off reward, the size of it being assessed on the basis of the level of their contribution. The requirement to suspend rewards until the recipients turn 60 should be dropped. The implementation of Decree No. 28/CP determining benefits for people with meritorious contributions is too slow, putting many veteran cadres at a disadvantage. Many veteran cadres have actually died without receiving any of the rewards stipulated by the decree. Verification of cases of misplaced orders should be traced back to the original files, and relevant recipients who lost their orders should not be asked to perform lengthy verification procedures. A favorable treatment policy should be applied to people who participated in the resistance between 20 July 1954 and 30 April 1975 but so far have received neither benefits nor memorabilia badges. The classification of sick servicemen Grade 3 into the occupational sickness category is causing a lot of argument, as these people became ill during their service in the Army. Mothers of war heroes below the rank of heroic mother should receive higher allowances, as many of them are currently very frail and living in deprived circumstances. The heroic mother title should be granted to mothers with two children who were war heroes or children who are disabled servicemen Grade 1/4. A favorable treatment policy should be applied to families with three war heroes; families with the only child being a war hero who was raised by the father because the mother died at early age; or mothers with three children who were war heroes but were not recognized as heroic mothers just because one of the children was an adopted child.

Many voters hold that the government regulation on people who have rendered meritorious services to the nation must be implemented more equitably so that priority is not given to retired cadres over incumbent cadres. The implementation of this regulation in the area of assessing injuries is also riddled with negative phenomena. The declaration of injuries is not clearly defined and is easily exploited. On the other hand, the implementation of the regulation should be completed soon because the war has been over for a long time and any prolongation will invite more negative activities. We should pay attention to people who were cadres and soldiers in the war against France before they were transferred to other national services. They are now old and weak, living on pensions without supplementary benefits and experiencing severe financial hardship. We should also pay attention to Army officers who were transferred to other national services after 1975. They are now receiving low salaries from their new jobs, compared to the total period of their service. Voters who fought on the former battlefields of B, C, and K [expansion unknown] have queried their unpaid salaries. It is unfair when the government now only pays supplementary benefits to them. This issue should be given proper consideration.

Voters in the mountainous areas hold that the sudden suspension of the handout of four commodities to the mountainous ethnic people has had a big impact on their lives. They suggest that the government continue the service, especially to families with severe financial hardship. Some suggest that this service should be extended for a further period of time. The government should introduce policies to provide the people moving from the plains to settle in new economic zones in mountainous areas the same privileges as the local mountain people.

Working Conditions and Wage Policy

Voters hold that Government Decree No. 50 has improved in one step the salaries of village and subward cadres. However, there are still many inappropriate and unreasonable points. The Constitution recognizes all four levels of the government. But only the first three levels of the government can employ officials. The government at the village and subward level can only have fixed levels of salary without any working conditions set forth for its staff. This is unreasonable and needs to be reconsidered.

At present, most of our cadres realize that the real value of their salaries has been reduced significantly, especially for those cadres with low salaries. Moreover, the cadres who receive pensions based on their salaries before 1985 are experiencing the greatest difficulties. According to the regulations set out in the Labor Law, when the consumer price index reaches 10 percent, the government must adjust the minimum salaries. The index has now increased more than 30 percent, but the government has not introduced measures to improve the situation. Many voters suggest that the government should outline policies to regulate salaries in various sectors and areas to ensure that they are reasonable and fair in all areas. Salaries in some sectors such as tourism, oil and natural gas, postal service, electricity, and so forth are much higher than in other sectors, although these sectors are also equipped and funded by the government. At the same time, the government should have a seniority supplementary payment for administrative cadres. Some hold that the National Assembly needs to issue a resolution to continue reforming the wage system to ensure living standards for people with low salaries. The government needs to study, revise, and change the contribution for social security in Government Decree No. 12 to 20 percent, including 15 percent for pensions and 5 percent for sickness, maternity, and accident benefits.

The Labor Law stipulates that business owners can owe their employees a month of salary. An official circular issued to explain the implementation of the law allows 15 days. These regulations are loopholes for the exploitation of the workers' salaries. These regulations should be corrected. It is necessary to reserve a security fund for the workers' union as before, so that the union can provide funding in emergency and accident cases, maternity, workshops, and working visits for workers and cadres.

In the Field of National Defense and Security

Voters suggest that the government should strengthen the all-people national defense, consolidate the people's armed forces, increase the budget for national defense and security, and pay attention to the construction of border districts. Voters of some mountainous provinces suggest that the government should pay attention to the construction of border posts near the national boundaries and affirm that the border troops are the forces representing our nation on the borders. Therefore, it is necessary to invest more in housing facilities, equipment, weapons, and establishments to ensure fighting preparedness and the building of stable and regulated armed forces. When the border villages cannot balance their budgets, the government should help to maintain the operations of self-defense militia and security forces in the border villages. The Law on Military Obligations needs to be reconsidered because military recruitment conditions are too high for the local people in the mountainous and highland areas. The government needs to increase funding for the barricade clearance to move more people to the border areas and build underground facilities so that important organs of the border provinces can stay for long periods of time when the situation demands it.

The voters also expressed concern over the situation in the Vietnam-Cambodia border area, which has recently deteriorated, having been exacerbated by the statement made by the First Prime Minister of the Royal Cambodian Government. The voters proposed that various echelons of the administration pay attention to formulating a preferential policy for households who voluntarily move to live in the border area; and that efforts should be made to formulate a rational mechanism to promote investment and exploitation of the border area aimed at firmly maintaining political security and order and safety in the area.

The Struggle Against Corruption and Smuggling

At the eighth session of the Ninth National Assembly, the government set forth lines to deal with a number of corruption and smuggling cases. The voters, however, held that some cases of negative practice, corruption, and smuggling have not been promptly dealt with. Voters in many provinces have continued to contribute ideas concerning corruption and smuggling and held that it is likely that this task has not been successful in a number of areas. The number of corruption and smuggling cases has increased at an alarming rate, as reported by a number of newspapers. Measures to promote thrift, oppose waste, and eliminate the tendency of working just for the sake of form have not been strictly carried out. The prime minister's request to practice thrift contained in his private letter dated 23 October 1995 to various ministries, sectors, provinces, and municipalities has not been seriously implemented.

To strengthen the task against corruption and smuggling, all voters propose that the State should set up an organization against corruption and smuggling in the provinces. This task should not be assigned only to chairmen of people's committees and heads of sectors and branches but also to the standing committee of the Fatherland Front at various echelons; the results will therefore be better. The voters also suggested that it is necessary to design measures to protect those who have denounced corruption and smuggling cases; properly commend and award those who have detected and provided tips on corruption and smuggling; and that efforts should be made to review and supplement a number of inappropriate policies and regulations and to provide guiding documents for prompt action against corruption and smuggling, especially in the economic field. The state should take measures to check the assets of cadres and state personnel and workers, especially those who have positions and authority. Efforts must be made to amend and supplement the punishment of those engaged in corruption and smuggling. In addition to defining forms and measures for this task, the state should pay attention to consolidating and perfecting various law enforcement agencies and purifying the contingent of cadres and state personnel, especially cadres responsible for the struggle against corruption and smuggling.

Public opinion unanimously supported efforts by the press to expose and make public those degenerate cadres whose acts have affected the national economy and damaged social ethics. The voters wanted the state to take more resolute measures against these social vices so as to admonish law breakers while restoring laws and regulations. It is essential to make public the forms of punishment against these law breakers through the mass media facilities.

Law Enforcement Situation.

Voters in various provinces held that the state has promulgated many laws, thus contributing to adjusting various social relations in the new situation. However, the various legal documents have been implemented slowly and not uniformly. A number of ideas and proposals of the voters suggested that the amendment and supplement of stipulations in various laws have not been carried out promptly by the functional agencies while the propagation and dissemination of these laws among the people are minimal and limited. Many voters suggested that the National Assembly should publish and distribute these legal documents free of charge to each household to let the people know what they are so that they can abide by them. The voters also expressed concern over the loose enforcement of laws against violations in a number of areas such as social order and safety, land and border encroachment, and trespassing on sidewalks and streets. Moreover, in many cases, various law enforcement agencies have not carried out their duties correctly in accordance with the stipulations of the law, and undemocratic phenomena are still prevalent. The voters held that if these phenomena have not been promptly overcome, it will easily lead to political instability.

The majority of the voters welcomed and gave their consent to the promulgation of Decree No. 87/CP on strengthening management and establishing disciplines for various cultural activities and services. The voters wanted the state to make a close and consistent supervisory coordination of this task and not to begin the task in a vigorous manner and then let it drift. Concerning Decree No.36/CP, the voters suggested that it is necessary to reconsider the policy requiring users of motorcycles below 50 c.c. to study [traffic laws] and be subject to control, and that there are numerous inconveniences in granting driving licenses.

The people's letters of complaint and criticism are currently piling up while settlement has been carried out slowly. The voters held that the delay is due to the lack of uniformity in the settlement mechanism between the functional agencies, that the capacity for settling these issues is limited, and that the contingent of cadres responsible for this task at villages and wards are incapable of meeting the current requirements. The voters suggest that in parallel with studying and revising the regulations on the settlement of the people's complaints and criticisms, the state should improve and perfect the mechanism and cadres responsible for this task, step by step overcome limitations, and strive to create confidence among the people.

State Organization

The voters feel that the results of administrative reform have not been extensive. Inconveniences still exist, especially in certifying and providing privileges to people who have rendered meritorious services to the nation. Streamlining the administrative mechanism is necessary. Administration integration must aim at reducing repetition and redundancy and improving proficiency. Together with administrative reform, it is necessary to foster and train the next contingent of cadres to meet future demands and tasks. Resolutions issued by the National Assembly and the government call for streamlining the administrative mechanism and staff, but the reality has been the opposite. The voters suggest that checks be conducted in ministries (such as the Ministry of Finance) that have increased their organizations and staff. They also call for merging the Ministry of Culture and the Ministry of Education and Training into a Ministry of Culture and Education and increasing the number of female managers in the new ministry.

The Vietnamese Government has four levels. The voters suggest that each level of government should have its own budget to arouse dynamism in collecting budget revenues and fulfilling state obligations. They also suggest the state pay attention to village and subward cadres, because these cadres cannot live on their current meager salaries. They urge the state to provide village and subward cadres with appropriate salaries quickly and to introduce administrative working hours at the village level (at present, village cadres work only half a day and it is very difficult for people to see them). The voters also think it necessary to define the duties and powers of state notarization offices clearly so they no longer have too much power.

Voters' Opinions on National Assembly and Government Activities

Voters in all localities acknowledge the results of the National Assembly's activities and welcome the promulgation of many laws, including many important laws. The voters expect that all bills passed by the National Assembly will be quickly implemented. They hold that in recent years, National Assembly deputies have made regular contact with the public in various ways. The deputies not only meet with their constituents but also people living in other areas or working in different sectors. Abundant activities to study and draft laws and solicit public opinion have been held in appropriate forms. Nonetheless, the voters hold that the role of National Assembly deputies in supervising the execution of laws is still weak and not very efficient.

The voters suggest that the National Assembly quickly approve the law on procedures for legal documents to satisfy the current legal demands on state management and improve state management. The National Assembly should revise and supplement the Law on Foreign Investment to attract more investment in mountainous areas. It should quickly introduce the law on equity capital. It should enact a law on state capital. It is necessary to promulgate a regulation on state capital so that people in Hanoi and the entire country can build capital together. We should have a law on population and family planning because population is an issue of concern. We should promulgate a law on ethnic people and a law or regulation on state awards. We should revise the Civil Code to increase the penalties against crimes — especially theft, robbery, murder, rape, corruption, smuggling, causing public disorder, and so forth — to educate and prevent crimes. We should quickly revise the regulation on complaints and accusations to conform with recently promulgated legal documents, set measures to increase the responsibility of responsible state organs, and limit false complaints and accusations.

The National Assembly should intensify its supervision; improve the results of this work; and ensure regular coordination in checking and supervising all levels, echelons, and armed forces — especially in the management and use of land. It should also issue a decision on public motivation to create a new life-style in all residential areas.

The voters suggest that the government quickly issue documents to concretize the regulation on administrative violations, especially in the construction sector, to help governments at all levels implement the law in a unified manner and enhance state management in this area.

This has been a report compiling the opinions of voters throughout the country to the ninth session of the Ninth National Assembly. The National Assembly Standing Committee presents this to the National Assembly for consideration and decision.

SRV: First Military Region Holds Party Congress

BK2803131296 Hanoi QUAN DOI NHAN DAN in Vietnamese 15 Mar 96 pp 1, 3

[Report by Quoc Viet]

[FBIS Translated Text] The 1st Military Region's party congress was personally conducted and monitored by Senior General Doan Khue, member of the Political Bureau, deputy secretary of the party Central Committee Military Commission, and minister of national defense. This is because it was the first military region party organization in the armed forces to hold a party congress and because it is an important strategic area that plays a direct role in national construction and defense.

The main purposes of the congress were to evaluate existing achievements correctly, point out the reasons for this success, draw valuable lessons of experience, and clearly determine guidelines and targets to be achieved during the 1996-2000 period.

The armed forces must truly play a core role in implementing successfully the task of guarding against and fighting the "peaceful evolution" strategy.

Once a revolutionary base, the former Viet Bac Military Region now known as the 1st Military Region has a history of combat, unit- building, and growth dating back over half a century. The armed forces and the multiethnic people of Viet Bac have a tradition of ardent patriotism and loyalty to the party. Their contributions to the revolution were numerous.

Although there have been difficulties and complications during the years of implementing the renovation process, troops of the military region have been able to record achievements thanks to their thorough awareness of the party's guidelines on national construction and its military thinking.

On behalf of the party Central Committee Military Commission and the Ministry of National Defense, Senior General Doan Khue commended the troops and people of the 1st Military Region for their achievements. He said: "Over the past five years, the party organization of the 1st Military Region has helped troops of the military region become fully aware of the situation and their tasks; develop their fine revolutionary character and tradition; uphold their positive and self-motivating spirit; overcome difficulties; scrupulously comply with all directives and orders from higher echelons; successfully develop the combined strength of the armed forces and the multiethnic people to fulfill the tasks of defending our country's sovereignty at the border and actively guarding against and effectively fighting the enemy's "peaceful evolution" schemes, attempts at rebellion or subversion, and other sabotage tricks; help maintain political stability; and create the conditions for socioeconomic development in various localities in the region and the entire country."

Senior General Doan Khue raised many essential issues to be resolved by the 1st Military Region with concentrated efforts so as to join promptly with the entire country's movement for national industrialization and modernization. What is most important is that the troops of the military region truly play a core role while joining with the local party organization, administration, and multiethnic people in implementing successfully the task of guarding and fighting against the "peaceful evolution" schemes of the hostile forces and their attempts at rebellion and subversion in order to maintain political stability, firmly defend this important strategic region, struggle to build and defend the friendly border, firmly maintain sovereignty and territorial integrity in their area of responsibility, and at the same time be ready to prevail in any complex situation that may occur and bring the military region up to the level required by its duty.

Fully aware of these guidelines, the congress held various spirited debates, during which many delegates aired their frank views and confirmed the existence of "peaceful evolution" schemes in the area under the responsibility of the military region — an important strategic region covering the national frontier and various vital border gates. As its economic growth is still slow and fraught with complexities, and as the region is inhabited by people of various ethnic minority groups whose intellectual standards are still low, the hostile forces have resorted to every means and malicious trick possible to drive a wedge into the unity between various ethnic minority groups and between the people and the Army to oppose and sabotage the regime. Self-motivated efforts to guard and fight against "peaceful evolution" schemes in the military region must proceed from a determination to build a firm ideological strategy and a solid political structure. The congress clearly pointed out: In order to triumph over the "peaceful evolution" schemes, the Army must truly serve as a backbone force. First, it must build solid political acumen; persist on the path chosen by the party, Uncle Ho, and the people; and adhere firmly to the party's policies and viewpoints. Then it will approach the multiethnic people — especially those in remote and inaccessible areas and in the former revolutionary base area — to spread didactical propaganda to make them fully aware of the party's renovation lines and the goals and ideals of socialism. To achieve this aim, not only will troops of the military region have to build themselves into a steadfast force, but every party cadre and member will also have to strive to neutralize the enemy's "peaceful evolution" schemes. The delegates frankly aired their views, pointing out weaknesses displayed by party cadres and members while undergoing training to improve their knowledge about Marxism-Leninism and Ho Chi Minh Thought.

Therefore, improving the debating skills of party cadres and members so they can analyze, evaluate, and tackle various complex issues in an accurate manner is very necessary.

Firmly consolidating the ideological front in the military region means, first of all, building a steadfast political infrastructure in various villages and hamlets, especially in the border areas. To do so, we must promote close cooperation between the army and various local sectors and public organs in an attempt to create a uniform program of action.

Along with making troops in the military region strong politically, the congress affirmed the need to promptly improve the overall quality of troops in the military region so they can cope with all contingencies. Many delegates proposed concrete measures to build main force, militia, and self-defense units and to cultivate the relations between these units as part of an effort to build the integrated strength with which to firmly defend and build a border of peace and friendship.

It is necessary to closely combine efforts to industrialize the countryside, agriculture, and the mountain region with efforts to build national defense.

The above topic drew a great amount of attention from the congress. Many delegates discussed the actual economic situation of various localities in the mountain and remote areas, saying that these areas are lagging far behind other areas in the lowlands economically and that their infrastructure is very poor. This fact has adversely affected efforts to build a national defense with the participation of all the people in each locality. In order to satisfactorily combine economic construction with national defense, the congress pointed out that it is vital to carry out industrialization in the countryside, in agriculture, and in the mountain region, in which priority must be given to building the infrastructure.

The congress discussed key areas and economic development formats under a general plan for economic development and national defense. The most important issue raised by the congress was that, based on its national defense plan, the military region and its localities must unfailingly determine the economic structure for each particular area and build from this the infrastructure to support economic development, national defense strengthening, and security maintenance. Along with building defensive areas, it is necessary to determine the economic development goal for each locality in order to exploit its advantages. The region must, on the one hand, promptly improve the living standard of its multiethnic compatriots and, on the other, must turn them into a direct rear support force and a fortress to defend villages and hamlets. From the relations between efforts to industrialize agriculture, the countryside, and the mountain region and efforts to build national defense, security, and defensive areas, the congress suggested that the state focus its capital resources on targeted industrialization projects for economic development. Attention must also be given to the requirements for support of national defense.

It is sincerely hoped that we can select typical party members for the party's highest leadership organs.

In order to have a basis for discussions designed to find ways to bring the party organization in line with the military region's tasks, Senior General Doan Khue said: ".... We must concentrate on carrying out party building satisfactorily, regarding this as the most important factor in deciding the quality of the political performance of the military region at every stage.

Based on the review of the implementation of the third plenum resolution on party renovation and building in military party committees, the military region party committee needs to develop good points, overcome week points and shortcomings, and apply practical experiences to carry on the party renovation and building with greater quality. Attention must be given to the form and method of the renovation to firmly consolidate the ideological front in the party and the public, starting with the contingent of cadres and party members to make the cadres and party members not only "immune" to the enemy's distorted and deceptive propaganda but also capable of attacking and criticizing using their own ideology and actions to expose the enemy's hostile tricks. The party's principles on organization and management must be satisfactorily observed. Self-criticism and criticism must be strictly carried out. The practice of democracy must be developed. Discipline must be enhanced, intelligence must be concentrated, and the ability and combat capacity of party committees must be heightened to ensure the party leadership in every task, locality, and people at all times. Special attention must be paid to maintain the unity and unanimity in every party organization and in the entire military region. At the same time, the fine relations with local party committees, authorities at all levels, and people of all ethnic groups must be sustained in all military areas and operations. We must always be vigilant to smash all themes and actions aimed at disuniting the nation and destroying our great bloc of national unity.

In the spirit of directness, many opinions that were expressed clearly pointed out shortcomings in the leadership capacity of grassroots party organizations and in the exemplary vanguard role of party members. These shortcomings have directly affected the execution of the military region's tasks in the past. The opinions expressed said that all party members must obtain the necessary knowledge of Marxist-Leninism and Ho Chi Minh thought and that they must be prepared to sacrifice for the national cause. The congress held that the key issue of the party building work in the military region is the building of basic party organizations and party chapters in army companies and that these party organizations and chapters must be ready in combat and really clean and strong in order to act as a leading nucleus for the execution of the political duties of all army units in the military region. In particular, we must select, foster, and admit more ethnic people to the party in key localities. The acceleration of creating the characteristics of the workers' class in the contingent of party members and determination on the socialist path are indispensable.

The earnest aspiration of the First Military Region's party congress is that the upcoming Eighth National Party Congress will elect to the highest leading organs exemplary party members with great intelligence and a firm political stance on our chosen national path. These members should be closely attached to the people and resolutely undertake the beloved Uncle Ho's teachings to become "the loyal servants of the people".

The First Military Region's party congress proved the great fighting spirit and outlined targets and practical measures for development. Of course, the Armed Forces of the First Military Region will work with the local party committees, authorities, and people of all ethnic groups in the coming period to successfully carry out the task of national construction and protection, thus deserving the revolutionary tradition and the trust of all of the people in our Armed Forces.

SRV: Table of Contents for Oct 1995 Party Journal

963E0009 Hanoi TAP CHI CONG SAN No. 14, Oct 95 p 1

[This report is a translation of the table of contents and selected articles from the monthly theoretical and political journal of the Vietnam Communist Party published in Hanoi. Notations in the table of contents indicate articles previously published or not translated.]

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Australia

Australia: Howard on Ties With Malaysia's Mahathir in Brisbane

BK2903071796 Melbourne Radio Australia in English 0500 GMT 29 Mar 96

[FBIS Transcribed Text] A meeting between Malaysia's prime minister, Mahathir Mohamed, and his Australian counterpart, John Howard, has ended in the Australian city of Brisbane. Relations between Australia and Malaysia have at times in the past been strained. (Kathy van Extel) reports that Dr. Mahathir says the two governments are off to a good start.

[Begin recording] The two prime ministers met for about an hour in a Brisbane hotel while protesters gathered outside the building. The meeting has been marked by a security lapse. When Dr. Mahathir arrived, he was confronted directly by a lone protester who was dragged away by a security staff. As he emerged from the meeting, another protester accosted him at close range. Dr. Mahathir gave little comment to the Australia media; he said the meeting was a good start. [end recording]

Australia: Malaysia's Mahathir: Talks 'Positive and Meaningful'

BK2903132696 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 29 Mar 96

[FBIS Translated Excerpt] Malaysia and Australia today entered a new era in their diplomatic relations. A historic meeting between Prime Minister Datuk Sri Dr. Mahathir Mohamed and his Australian counterpart John Howard succeeded in restoring close mutual understanding.

Speaking to Malaysian reporters in Brisbane on the way home, Dr. Mahathir said he was satisfied with their first meeting ever and regarded the talks as positive and meaningful.

[Begin Mahathir recording] I can say that I have sometimes criticized the Australians. If the Australian press criticizes us, I will make counter-criticisms against them. This does not involve their government. My relations with the Australian Government should not be gauged from my comments on what the Australian press says. There was tension with the government in the past because the prime minister had said such things as we are barbarians. We reprimanded the Australian Government for its comments accordingly. [end recording]

Mahathir raised various issues of common interest during the meeting with the new Australian prime minister, which lasted for over an hour. He was confident that Australia was sincere in its efforts to have closer relations with Kuala Lumpur. [passage omitted]

Australia: Relations With Malaysia Show Improvement After Talks

LD2903115196 Melbourne Radio Australia in English 1000 GMT 29 Mar 96

[FBIS Transcribed Text] Relations between Australia and Malaysia appear to have shown improvement as a result of talks in Brisbane between the prime ministers of the two countries. It was the first time the leaders had met since John Howard became prime minister after the elections earlier this month, and he describes talks with Dr. Mohamed Mahathir [as heard] as being very positive.

Dr. Mahathir said the hour-long meeting was a good start with the new Australian Government following years of friction with the previous administrations of Bob Hawke and Paul Keating.

The talks took place in a Brisbane hotel during a short stop-over by Dr. Mahathir on his flight home from a visit to New Zealand. Probably the most contentious issue discussed was Dr. Mahathir's proposition for the East Asia economic caucus, which would not include Australia. Mr. Howard told reporters Australia and Malaysia had different views on the caucus, but he did not want the issue to contaminate relations between the two countries. However, he said Dr. Mahathir had given a commitment that the caucus was not intended to be a trade bloc. Mr. Howard said he had taken the opportunity to reiterate that Australia regards the more widely based Asia-Pacific Economic Cooperation forum as being very important.

New Zealand

New Zealand: Bolger, Malaysia's Mahathir Discuss EAEC

BK2603080196 Kuala Lumpur RTM Television Network 3 in Malay 0530 GMT 26 Mar 96

[FBIS Transcribed Text] Prime Minister Datuk Sri Dr. Mahathir Mohamed arrived at Wellington International Airport at 0750 today. The prime minister, who was accompanied by Datin Sri Dr. Siti Hasmah Mohamed Ali, was welcomed by New Zealand Prime Minister Jim Bolger. The prime minister and his delegation were introduced to representatives of ASEAN and officials of the Malaysian High Commission in New Zealand. The prime minister later proceeded to the Parliament in Wellington where he attended an official welcoming ceremony.

Datuk Sri Dr. Mahathir and Prime Minister Bolger met at the Parliament House for nearly an hour. Also present at the meeting were Datuk Sri Rafidah Aziz, minister of international trade and industry; Datuk Sri Najib Tun Razak, minister of education; and New Zealand cabinet ministers.

The two leaders discussed the EAEC [East Asia Economic Caucus], the banning of nuclear weapons, cooperation between Malaysia Airlines and Air New Zealand, and educational cooperation.

New Zealand has expressed its support for the EAEC, however, Prime Minister Jim Bolger did not deny that Wellington was initially skeptical about the EAEC.

[Begin recording] [Unidentified correspondent] Bolger commented on Datuk Sri Dr. Mahathir's appeal to other countries to understand the EAEC concept.

[Mahathir, in English] Well, I would be very happy if New Zealand has no objection. That is all; I am not asking for support, but in order to be able to form the EAEC, the countries concerned must first agree, and I think we should try to overcome the suspicions of some other countries about the EAEC, which is preventing its realization.

[Bolger, in English] Can I just pick that question up because New Zealand has taken a lower-key approach to the concerns that other have expressed about the formation of the EAEC, and, as I said to the prime minister in our earlier meeting, that as far as we were concerned, a group of nations meeting, discussing, caucusing was not of a concern to us at all. There was a concern, I think, at the earlier formation of APEC [Asia-Pacific Economic Cooperation] that maybe there was two competitor groups starting to be formed. I think that has long since passed, and I would anticipate frankly that EAEC would make progress. That would be my expectation. [end recording]

New Zealand: Reserve Bank's 'Economic Projections' Viewed

BK2403163296 Christchurch THE PRESS in English 22 Mar 96

[Report by Peter Luke in Wellington — received via Internet]

[FBIS Transcribed Text] Home-owners, exporters, and the jobless received little cheer yesterday when Reserve Bank Governor Don Brash revealed no scope for loosening monetary policy.

The bank's "Economic Projections" pointed to stronger than expected inflationary pressures this year. Accordingly, it adjusted its projection of underlying inflation for the year to March 1996 from 1.9 per cent to 2 per cent.

The bank is picking a slightly faster reduction in underlying inflation in 1997 and 1998, however, with figures of 1.3 per cent and 0.9 per cent.

Under Dr Brash's policy targets agreement with the Government, underlying inflation — which excludes Government charges, interest rates, and one-off price shocks — must stay within a 0-2 per cent band.

"... There is no room for any easing in monetary conditions ... for some time to come," was Dr Brash's message. This dashed the hopes of mortgage relief for home-owners and exchange-rate relief for exporters. Dr Brash described recent rises in some fixed mortgage rates as "appropriate".

With slightly slower than previously forecast economic growth, the bank has projected that unemployment will rise from 6.1 per cent to 6.9 per cent by March 1998 as insufficient jobs are created to meet work-force growth.

About half the inflationary pressure identified by the bank came from the housing sector, but Dr Brash said that although Auckland led the way, "it is not an Auckland phenomena by any means".

"We would be much more content if inflationary pressures in the housing sector were less vigorous than they were," said Dr Brash, pointing to strong growth in bank lending. He acknowledged the concerns of exporters at the high exchange rate due to tight monetary policy.

"Certainly, the more quickly the property price pressures moderate the sooner the obvious strains on parts of the export sector will ease," he said.

The Manufacturers' Federation is calling for another "inflation fighter" — an independent watchdog — to support the Reserve Bank. Chief executive officer Simon Arnold said such a body would monitor the economy to identify sources of inflationary pressures.

Opposition parties were quick to argue that the Reserve Bank figures showed the flaws in the Government's tax and social policy package.

Finance Minister Bill Birch was adamant that the package was sustainable despite the projections [of weaker economic growth].

Labour finance spokesman Michael Cullen pointed to the expected rise in unemployment. All the package did for beneficiaries was create incentives for them to enter the work force "...by penalising their children and leaving benefit incomes at an utterly inadequate level". "This simplistic approach is all very well provided there are jobs for people to go into. The Reserve Bank's comments on employment suggest those jobs will simply not be there."

Alliance leader Jim Anderton focused on a projected rise in the current account deficit. For the 1998 year the bank increased its projection from 3.9 per cent of GDP to 5.2 per cent. It would be irresponsible for any Government to fire up the economy to the point that a balance of payments crisis eventually developed, he said.

New Zealand First leader Winston Peters said exporters were in for a "rough ride", given the worsening of the current account deficit.

Dr Brash played down concerns over the current account.

"I do not think that by international or historic standards the deficit projected is reason for serious disquiet."

New Zealand: Government, Property Sectors Blamed for Inflation

BK2403163496 Christchurch THE PRESS in English 22 Mar 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Canterbury manufacturers have lashed out at the property and government sectors for their role in inflationary pressures after a bleak Reserve Bank statement yesterday.

The Reserve Bank took an unexpectedly tight stance on monetary conditions and tipped rising unemployment and low economic growth.

Canterbury Manufacturers' Association chief executive Michael Hannah said manufacturers' patience with inflation in other sectors had ended.

"Basically, inflation in the property and government sectors is holding back growth in manufacturing."

Manufacturers were a resilient group still scoring good sales domestically and overseas, but doing this on "finer and finer" margins and lower staff levels. "We could be growing a lot more if it were not for inflation being kept alive by the pressure on property values and the cost-plus mentality in too many government sectors," he said.

It was "galling" that inflation in other sectors was holding manufacturing back from realising its potential.

Mr Hannah said the Reserve Bank was now tipping a "miserly" 1.5 per cent growth in the economy compared with the 5 per cent and 6 per cent growth rates recorded in 1994 and 1995.

Unemployment was also tipped to rise slightly. "It is worth remembering that manufacturing created thousands of jobs and recorded little inflation in those high growth times," he said.

Mr Hannah said that firms would be looking for relief in the tax cuts package.

"But we seriously need other sectors to play their part."

Canterbury Employers' Chamber of Commerce chief executive Peter Townsend said the Reserve Bank's statement showed "no need for alarm bells to be ringing, but some warning signs are evident."

Although employers were not panicking, the statement showed a clear need to keep up pressure on economic reforms or "things could turn on us."

The latest Reserve Bank statement was "extremely conservative" and reflected uncertainty about tax-cut impacts and international economic picture.

There was no doubt that exporters exposed to exchange rate shifts were experiencing huge problems.

The economy had become locked into a cycle where as tight monetary policy settings stayed put, exporters suffered lower returns, imports flooded into the country, and the balance of payments worsened. "It is another of those contradictions that the Reserve bank will have to grapple with.

"Indications of increasing unemployment are very worrying; we need to put a lot of effort into fighting that and increasing our skills levels so we can compete internationally," said Mr Townsend.

New Zealand: Government's Promise of Two-Step Tax Cut Viewed

BK2303121896 Christchurch THE PRESS in English 21 Mar 96

[Editorial: "The Taxation Game" — received via Internet]

[FBIS Transcribed Text] Forget the certainty of death and taxes — at least of tax rates. To say much about New Zealand's rates and regimes would be foolhardy until all bids are in. The government's promise of a two-step reduction in taxes has sent Labour back to its economists — or its pollsters — to come up with its own package, which it says would be $100 a week more generous for average families. It includes a scrapping of the politically unpopular superannuation surcharge. With such an offer on the table, National must be tempted to improve on its own bid. Where would that leave the Alliance, which talks more of higher taxes and new taxes than tax breaks? An added confusion: which permutation of parties will dominate Parliament after the election to decide whose tax plan survives?

The government hoped its tax and benefit package would be its key platform for the election: pass the legislation now, administer the first cut in July, and deliver another one a year later. The government sold the package on the basis of a reward for the struggles of economic reform, but the electoral imperative was just as strong. Preferring to remain silent about the package's benefits for the wealthy, National stressed the windfall for middle and low- income families. Indeed, the package's independent family tax credit deftly solved two problems; it widened the income gap between work and benefits, thus creating a much-sought work incentive, and it constituted a raid on the territory once loyal to Labour and now flirting with the Alliance.

National must have hoped it had that battle locked up as Labour had already released its taxation package. A vestige of leader Helen Clark's avowed wish to take Labour back to the Left, it included a new tax step of 39 cents in the dollar for incomes above $60,000. Although it promised significant social spending and benefit reforms — with more or less respectable Left-wing redistributionist credentials — there was little to go directly into the pockets of middle and low-income working families. The party was saddled with what looked like an old fashioned Labour budget — more spending by a caring government and an impression of socking the rich. Up against that, National has the decidedly more 1990's appeals of cash in the hand, work incentives, and smaller government.

Showing again that she is by no means the ideologue she would have her followers believe, Ms Clark decided to play National's own game. The result, leaked in anticipation of a later formal release, is much more like National's package, with tax, benefit, and family support boosts for low-income workers and what Labour hopes will be a political king-hit, the removal of the superannuation surcharge altogether. The higher tax for incomes above $60,000 remains, but much as National likes to downplay the extent to which its package would help the wealthy, Labour argues that the effects of its new tax step would be minimal and, in combination with other moves, would not bite until after incomes reached $70,000.

The Alliance and New Zealand First have joined National in attacking Labour's "cynical" attempt to buy voters; never mind that both parties could, after the election, be called on to support Labour to get the moves through Parliament. The Alliance, meanwhile, is left with tax plans that include a new top rate of 49 per cent for high-income earners, cuts for low-income earners, and some as yet little-understood measures such as the removal of provisional tax and, more critically, a financial transactions tax to replace GST [expansion unknown]. The latter step is presumably meant to appeal because it seems a special tax for the seriously rich who shift big sums of money around, rather than the comprehensive GST, which is no respecter of wealth, poverty, or special circumstance.

The government has defined taxation as a major issue for the election. The party that will leave more of voters' incomes in their own hands stands the best chance of looking credible. National first, and now Labour, have decided that voters do not trust politicians who say they know best what to do with taxpayers' money. That position sits more comfortably with National's avowed traditions, and its spurt of activism from 1990 to 1993, but Labour has shown it is not above playing the same game however much it recalls its own ideological cross-dressing phase of the 1980's. The Alliance, so far, has not actively joined the taxation bidding game. Most probably, it will quietly shelve some of its more unusual tax plans if its support continues to fray as recent polls suggest. New Zealand First is playing to different rules altogether and apart from its consistent loathing of the surcharge, it can safely relegate tax and benefit plans to a lower spot on its schedule of priorities.

National at least has the advantage of being able to pass legislation before the election. Beyond that, not much is certain. Nor should too much be believed. Politicians with any experience know the traps of promising to give away anything, including tax breaks, before they know all the facts. MMP [mixed member proportional electoral system] has changed a lot, but it has not changed that.

New Zealand: Parties Fail To Agree on 'Superannuation Accord'

BK2403123896 Christchurch THE PRESS in English 20 Mar 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] A tense four-party meeting yesterday appears to have failed to resolve the problems that threaten to make the Superannuation Accord an election-year casualty.

While National, its coalition partner United New Zealand, Labour, and the Alliance all support the accord concept the key structural and policy issues that divide them remain.

"I think there is a desire by all parties that the accord should endure," said Prime Minister Jim Bolger, who called the meeting. "There is some tension whether or not all the public utterances and all the positions are totally within the spirit of the accord."

Both Labour and the Alliance defend their respective right to develop retirement policies and are adamant that the Government must make concessions.

Mr Bolger's intervention appeared to reflect the mounting frustration of his accord partners with the process — and the increasing Beehive frustration at Social Welfare Minister Peter Gresham's chairmanship of the accord.

United's leader, Clive Matthewson, defended the need for the accord to fulfil its goal of providing certainty for elderly New Zealanders and indirectly criticised Labour and the Alliance.

"I think we owe it to them that we do not have auctions and broken promises," he said. "The problem is real and I am not going to be part of a sham."

Dr Matthewson said the accord was "rocky" because parties were reverting to the old situation of "putting things out and bidding with each other".

Alliance leader Jim Anderton insisted that the Government must show more "flexibility" towards the policies of other accord members.

"There is no point in Opposition parties participating in the accord merely to sign up to the Government's policies. The Government must sign up to some of ours or the accord will be doomed," he said. Labour, which on Monday [25 March] will announce a retirement policy that includes scrapping the superannuation surcharge, condemned the accord — as it operated at present — as a "rubber stamp".

"At the moment, the accord is operated as a means for National to veto any criticism of its policies with respect to senior citizens," said Labour's finance spokesman, Michael Cullen.

New Zealand: Alliance Leader Warns Against Using Race Issue

BK2503023396 Christchurch THE PRESS in English 18 Mar 96

[Unattributed Report — received via Internet]

[FBIS Transcribed Text] Alliance leader Jim Anderton warned the Alliance regional conference in Christchurch yesterday against following New Zealand [NZ] First in using the race issue to gain votes.

Mr Anderton referred to a statement by NZ First leader Winston Peters, who criticised Mr Anderton for referring to him as xenophobic because of his controversial anti-immigration stance.

Mr Peters had asked Mr Anderton to explain why an "out-of-control" immigration policy "flooding" the country with enough new immigrants to create a new city the size of Napier each year was going to solve the serious unemployment, health, education, and housing problem.

All these had remained unaddressed for 10 years. He had claimed Mr Anderton was supporting Prime Minister Jim Bolger's criticisms of him because Alliance was a "closet coalition partner" to National after a public "dumping" by Labour.

In response, Mr Anderton told the conference to be wary when sectors of the community with different skin colours were highlighted as being responsible for society's problems.

"If it's to get support then it is the kind of support we can do without.

"To be in for the long haul, we must aim for policy with integrity that will stand the test of time. Winston Peters's attack on immigration does not stand up to that test." Mr Anderton said Mr Peters had failed to say that New Zealand was losing more New Zealanders each year than those returning. About 14,050 more [New Zealanders] left the country permanently than returned, and without immigration the loss would have been enormous.

He also rejected Mr Peters's claims that the Alliance was National's "closet coalition partner", saying the Alliance was the only party categorically to rule out supporting a National Government.

Mr Peters, however, had positively affirmed he might go into coalition with National after the election, but would not reveal the policy basis for such a coalition until then, Mr Anderton said.

New Zealand: Greens Reportedly Wary of City Bias on MMP List

BK2403141396 Christchurch THE PRESS in English 20 Mar 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] South Island Alliance Greens are gearing up to ensure that the final party list contains a fair split between town and country candidates.

Green Party co-leader Rod Donald said that although the Greens had fared well in list selections in Christchurch and Wellington last weekend, they were worried about the possibility of an urban bias in the final list.

Three Greens made it into the top 10 list candidates from the South Island list, and a Green member, Bill Blair, was one of two delegates chosen to sit on the national Alliance list "knitting" committee.

"The sheer weight of numbers from the urban areas of the South Island squeezed out some very good candidates," said Mr Donald.

Some Greens were saying that this domination by weight of numbers had not reflected the merit of candidates in all cases.

For the Greens the relatively low list placings for Rex Verity (Aoraki), at 11 and Mike Ward, a Nelson City councillor, at 10, had been a disappointment. There had been three electorates from the upper South Island that had made a strong pitch for a strong urban/rural balance in the list.

The final list had not reflected this wish.

Mr Donald was confident that the national knitting committee would consider this need along with other factors when the list was drawn up.

"The plain fact is that under MMP [mixed member proportional electoral system] a list vote in the country will be worth as much as a list vote in Wigram," said Mr Donald.

Greens had fared well in the four list selections so far with a tally of placings that had them "level-pegging" with the New Labour Party.

The regional list selections among the five-party Alliance has caused some predictable upsets nationally as the party grapples with the realities of five separate parties under one label.

Mana Motuhake president Bill Hamilton was reported as saying last weekend that the list procedures had been brutalising, but he could not see any alternative to them.

New Zealand: Ousted Member Calls Alliance Listing 'Sham'

BK2403163096 Christchurch THE PRESS in English 20 Mar 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The surprise listing of a Mana Motuhake party member in the top 10 list rankings of the southern regional Alliance list is a sham, says ousted Alliance member Joanne WaiWai Ryan.

She was commenting yesterday on the selection of the general secretary of Mana Motuhake, Hone Kaiwai, from the Hutt Valley, at No. 9 ranking.

The list was released yesterday during the southern regional Alliance conference in Christchurch.

Mrs WaiWai Ryan, a former Mana Motuhake Alliance member, was the centre of controversy last year when she first won the Christchurch Central nomination over Alliance education spokeswoman Liz Gordon. This decision was later overturned and the selection process re-run, with Ms Gordon gaining the nomination.

Several Mana Motuhake members resigned from the Alliance in protest. Mrs WaiWai Ryan has since joined New Zealand First, and intends to seek the Christchurch Central nomination.

Mrs WaiWai Ryan said it was a sham that the Alliance had had to bring a Wellington Mana Motuhake member to Christchurch for selection to the list. He was unlikely to get any support in the South Island because no-one knew him.

She understood that Mr Kaiwai had called a meeting with local Mana Motuhake members in an attempt to select a candidate to run for the list but only two people turned up, and Mr Kaiwai was forced to run himself.

"It is a sham. The one and only reason he got in was because they (Alliance) plan for him to run for Southern Maori against Whetu Tirikatene-Sullivan," she said.

Alliance national director Matt McCarten said yesterday that Mrs WaiWai Ryan should not run for politics just to be vindictive. Mr Kaiwai had been selected in a democratic process to run for Southern Maori last week, and he was ranked at No. 9 by his peers from 17 electorates.

At last count 10 days ago there were still 418 Mana Motuhake members of the Alliance in the southern region, so Mrs WaiWai Ryan's resignation had had little affect on membership, he said.

The southern regional rankings are: 1, Jim Anderton, NLP [New Labor Party] ; 2, John Wright, Democ; 3, Liz Gordon, NLP; 4, Rod Donald, Greens; 5, Leah McBey, Greens; 6, Jim Flynn, NLP; 7, Marie Venning, NLP; 8, Jan Davey, Democ; 9, Hone Kaiwai, Mana Motuhake; 10, Mike Ward, Greens; 11, Rex Verity, Greens; 12, Norman Wood, NLP; 13, Richard Davies, Greens; 14, Tracey Hicks, Democ; 15, Ian Ewen- Street, Greens; 16, Mark Robertson, NLP; 17, Bruce Stirling, Democ.

Papua New Guinea

Papua New Guinea: Premier Claims Success for Bougainville Strategy

BK2803070596 Melbourne Radio Australia in English 0500 GMT 28 Mar 96

[FBIS Transcribed Text] Papua New Guinea's [PNG] prime minister, Sir Julius Chan, is claiming early success for his new and more aggressive Bougainville strategy with the wounding of the rebel's most feared commander. Sean Dorney reports that Sir Julius claims village chiefs in north Bougainville confirmed that the

Bougainville Revolutionary Army's chief of operations had been seriously wounded in an ambush by government forces.

[Begin Dorney recording] In a statement, Sir Julius Chan claims village chiefs in (Masello) area of north Bougainville have confirmed that Ishmael Toroama was wounded in a vehicle ambush at the weekend. Toroama, he says, is believed to be trying to cross to Solomon Islands to seek medical treatment. Ishmael Toroama is credited with organizing the recent surge of rebel attacks and ambushes which left a dozen PNG soldiers and police dead. Sir Julius says his government's decision to lift the cease-fire has boosted security force morale and the security situation on Buka island and in north Bougainville have quickly settled down. [end recording]

Papua New Guinea: Solomons Warned To Expel All BRA Rebels

BK2703073596 Melbourne Radio Australia in English 0500 GMT 27 Mar 96

[FBIS Transcribed Text] Papua New Guinea's [PNG] defense minister, Mathias Ijape, has warned neighboring Solomon Islands to expel all Bougainville rebels. Sean Dorney reports that the minister says the Solomon Islands Government should know that from now on PNG troops will disregard the international border if they are pursuing rebels.

[Begin recording] Accusing the Solomon Islands Government of providing sanctuary to BRA [Bougainville Revolutionary Army] rebels, PNG's defense minister, Mathias Ijape, has threatened that if the PNG defense force does not get what he calls collaboration, then PNG troops will, in his words, make it hell for Solomon Islands.

Mr. Ijape claims the Solomons Government is responsible for the deaths of hundreds of people and financial losses to PNG he calculates at $700 million. Anything less than full cooperation to seal the border, he says, will be treated by the PNG Defense Force as a slap in the face for Papua New Guinea. [end recording]

Solomon Islands

Solomon Islands: Clarification on PNG Troop Statement Sought

BK2803082796 Melbourne Radio Australia in English 0500 GMT 28 Mar 96

[FBIS Transcribed Text] Solomon Islands has requested clarifications on threats made by Papua New Guinea [PNG] Defense Minister Mathias Ijape that PNG soldiers would pursue Bougainville rebels onto Solomon Islands soil. The comments were made in a media release issued in Port Moresby yesterday. The Solomon Islands government spokesman, John (Sanonamai), says the defense minister's comments directly contradict assurances made by PNG Prime Minister Sir Julius Chan.

[Begin (Sanonamai) recording] We want to get a very clear indication from Port Moresby what is the government's stand on the whole thing because what we have got is a press release. There was like no official communication as such. Even the press release did not come from official sources. It was received through the sources in Port Moresby, but I understand that the PNG government is responding and there should be something coming through today. [end recording]

Solomon Islands: PNG Minister's 'Threats' Clarified

LD2803090996 Melbourne Radio Australia in English 0800 GMT 28 Mar 96

[FBIS Transcribed Excerpt] The Solomon Islands Government says it has been told by Papua New Guinea [PNG] that threats of incursions by the PNG Defense Force do not reflect Port Moresby's official position. Earlier, Papua New Guinea's defense minister, Mathias Ijape, said in a statement that his troops would if necessary pursue Bougainville rebels into Solomon Islands following the recent end to the 18-month cease-fire in the troubled PNG province.

Solomon Islands sought clarification, and says it has now received a diplomatic note from Papua New Guinea's high commission which says the minister's comments were made in isolation. However, Papua New Guinea then asked Solomon Islands to clarify what it will do to stop Bougainville Revolutionary Army [BRA] elements entering Solomon Islands illegally.

At a news conference in Port Moresby, however, Prime Minister Sir Julius Chan declined to criticize the statement released by his defense minister. He said the minister had been speaking about Papua New Guinea's experience of rebels seeking sanctuary in the Solomon Islands and smuggling guns back across the border. Sir Julius said he agreed with Defense Minister Ijape that hot-pursuit operations by the military were allowed under international law. [passage omitted]

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